



**Mahindra**  
Rise.

*Manthan*  
(the churn)



## Subsidiary Companies

### Part 01

---

1	Mahindra Vehicle Manufacturers Limited	1
2	Mahindra Heavy Engines Limited (formerly known as Mahindra Heavy Engines Private Limited)	46
3	Mahindra Automobile Distributor Private Limited	87
4	Mahindra Reva Electric Vehicles Limited (formerly known as Mahindra Reva Electric Vehicles Private Limited)	113
5	NBS International Limited	151
6	Mahindra Trucks and Buses Limited	182
7	Mahindra Automotive Australia Pty. Limited	215
8	Mahindra Europe s.r.l.	226
9	Mahindra Graphic Research Design s.r.l.	255
10	Mahindra & Mahindra South Africa (Proprietary) Limited	280
11	Mahindra North American Technical Center, Inc.	296
12	Mahindra Tractor Assembly Inc.	305
13	Ssangyong Motor Company	316
14	Ssangyong European Parts Center B.V.	354
15	Ssangyong Motor (Shanghai) Company Limited	365
16	SY Auto Capital Co., Ltd.	388
17	Mahindra Gujarat Tractor Limited	400
18	Mahindra Agri Solutions Limited (formerly known as Mahindra Shubhlabh Services Limited)	434
19	EPC Industrié Limited	469
20	Mahindra UNIVEG Private Limited	520
21	Mahindra HZPC Private Limited (formerly known as Mahindra Investments (International) Private Limited)	544
22	Auto Digitech Private Limited (formerly known as Mahindra Punjab Tractors Private Limited)	566
23	Mahindra USA Inc.	584
24	Mahindra Yueda (Yancheng) Tractor Company Limited	593
25	Mahindra & Mahindra Financial Services Limited (formerly known as Mahindra Housing Private Limited)	628
26	Mahindra Rural Housing Finance Limited	734
27	Mahindra Insurance Brokers Limited	780
28	Mahindra Asset Management Company Private Limited	816
29	Mahindra Trustee Company Private Limited	846
30	Mahindra Lifespace Developers Limited	868
31	Mahindra World City (Jaipur) Limited	956
32	Mahindra Water Utilities Limited	995
33	Mahindra World City Developers Limited	1021
34	Mahindra Residential Developers Limited	1057
35	Mahindra Consulting Engineers Limited	1087
36	Mahindra Bebanco Developers Limited	1120
37	Anthurium Developers Limited	1148
38	Industrial Township (Maharashtra) Limited	1166
39	Knowledge Township Limited	1183
40	Industrial Cluster Private Limited (formerly known as Mahindra Housing Private Limited)	1204
41	Mahindra Infrastructure Developers Limited	1221
42	Mahindra Industrial Park Chennai Limited	1249
43	Mahindra Integrated Township Limited	1279

44	Mahindra World City (Maharashtra) Limited	1313
45	Raigad Industrial & Business Park Limited	1330
46	Bristlecone Limited	1346
47	Bristlecone India Limited	1356
48	Bristlecone GmbH	1391
49	Bristlecone Inc.	1405
50	Bristlecone Consulting Limited	1418
51	Bristlecone (Malaysia) Sdn. Bhd.	1424
52	Bristlecone (Singapore) Pte. Limited	1439
53	Bristlecone (UK) Limited	1447
54	Bristlecone International AG	1458
55	Mahindra - BT Investment Company (Mauritius) Limited	1463
56	Mahindra Intertrade Limited	1476
57	Mahindra Electrical Steel Private Limited	1522
58	Mahindra Steel Service Centre Limited	1541
59	Mahindra MiddleEast Electrical Steel Service Centre (FZC)	1573
60	Mahindra Auto Steel Private Limited	1589

## Subsidiary Companies

### Part 02

---

61	Mahindra Aerospace Private Limited	1623
62	Mahindra Aerostructures Private Limited	1661
63	Aerostaff Australia Pty. Limited	1696
64	Airvan Flight Services Pty. Limited	1707
65	Airvan10 Pty Limited	1712
66	Gipp Aero Investments Pty. Limited	1718
67	GA8 Airvan Pty. Limited	1727
68	GA200 Pty. Limited	1733
69	Gippsaero Pty. Limited	1739
70	Mahindra Aerospace Australia Pty. Limited	1752
71	Nomad TC Pty. Limited	1762
72	Mahindra Sanyo Special Steel Private Limited	1768
73	Mahindra Holidays & Resorts India Limited	1810
74	HCR Management Oy	1890
75	Holiday Club Resorts Oy	1898
76	Gables Promoters Private Limited	1927
77	Infinity Hospitality Group Company Limited	1946
78	Mahindra Hotels and Residences India Limited	1956
79	Convington S.a.r.l	1970
80	MH Boutique Hospitality Limited	1978
81	Heritage Bird (M) Sdn. Bhd.	1985
82	MHR Holdings (Mauritius) Limited	1995
83	Holiday Club Sweden Ab Åre	2012
84	Kiinteistö Oy Himos Gardens	2022
85	Holiday Club Resorts Rus LLC	2027
86	Suomen Vapaa-aikakiinteistöt Oy LKV	2032
87	Kiinteistö Oy Himoksen Tähti 2	2040
88	Kiinteistö Oy Vanha Ykköstii	2047
89	Kiinteistö Oy Katinnurkka	2054
90	Kiinteistö Oy Tenetinlahti	2061
91	Kiinteistö Oy Mällönsniemi	2067
92	Kiinteistö Oy Rauhan Ranta 1	2074
93	Kiinteistö Oy Rauhan Ranta 2	2080
94	Kiinteistö Oy Tiurunniemi	2086
95	Kiinteistö Oy Rauhan Liikekiinteistöt 1	2092
96	Supermarket Capri Oy	2100
97	Kiinteistö Oy Kylpyläntorni 1	2109
98	Kiinteistö Oy Spa Lofts 2	2116
99	Kiinteistö Oy Spa Lofts 3	2123
100	Kiinteistö Oy Kuusamon Pulkajärvi 1	2130
101	Saimaa Gardens Arena Oy	2136
102	Ownership Services Sweden Ab	2143
103	Holiday Club Canarias Investments S.L.U	2149
104	Holiday Club Sport and SpaHotels AB	2160

105	Holiday Club Canarias Sales & Marketing S.L.U	2168
106	Holiday Club Canarias Resort Management S.L.U	2195
107	Kiinteistö Oy Tunturinrivi	2215
108	Caribia Service Oy	2221
109	Åre Semesterby A AB	2227
110	Åre Semesterby B AB	2235
111	Åre Semesterby C AB	2241
112	Åre Semesterby D AB	2247
113	Åre Villas 1 AB	2253
114	Åre Villas 2 AB	2259
115	Mahindra Susten Private Limited (formerly known as Mahindra EPC Services Private Limited)	2265
116	Mahindra Renewables Private Limited (formerly known as Mahindra Offgrid Services Private Limited)	2305
117	Marvel Solren Private Limited	2336
118	Neo Solren Private Limited	2356
119	Astra Solren Private Limited	2376
120	Brightsolar Renewable Energy Private Limited	2397
121	Cleansolar Renewable Energy Private Limited	2419
122	Divine Solren Private Limited	2441
123	Mahindra Engineering and Chemical Products Limited	2461
124	Mahindra Retail Private Limited	2498
125	Retail Initiative Holdings Limited	2538
126	Mahindra Internet Commerce Private Limited	2562
127	Mahindra Logistics Limited	2589
128	Lords Freight (India) Private Limited	2628
129	2 x 2 Logistics Private Limited	2651
130	Mahindra Two Wheelers Limited	2671
131	Peugeot Motocycles S.A.S.	2710
132	Peugeot Motocycles Italia S.p.A.	2738
133	Peugeot Motocycles Deutschland GmbH	2769
134	Mahindra Two Wheelers Europe Holdings S.a.r.l.	2777
135	Mahindra Defence Systems Limited	2784
136	Defence Land Systems India Limited	2813
137	Mahindra Defence Naval Systems Private Limited	2848
138	Mahindra Telephonics Integrated Systems Limited	2880
139	Mahindra Emirates Vehicle Armouring FZ-LLC	2914
140	Mahindra Telecommunications Investment Private Limited	2928
141	Mahindra First Choice Services Limited	2948
142	Mahindra First Choice Wheels Limited	2983
143	Mahindra eMarket Limited (formerly known as Mriyalguda Farm Solution Limited)	3017
144	Mahindra Namaste Limited	3039
145	Mahindra Holdings Limited	3062
146	Mahindra Overseas Investment Company (Mauritius) Limited	3095
147	Mahindra Integrated Business Solutions Private Limited	3112
148	Mahindra Racing S.p.A. (formerly known as Mahindra Racing S.r.l.)	3134
149	Mahindra Racing UK Limited	3141
150	Mahindra 'Electoral Trust' Company	3148
151	Gateway Housing Company Limited	3164
152	Orizonte Business Solutions Limited (Formerly known as Mega One Stop Farm Services Limited)	3180

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Ninth Report along with the Audited Financial Statements of your Company for the Financial Year ended 31<sup>st</sup> March, 2016.

### 1) Financial Highlights and state of the Company's affairs

Particulars	(Rs. in Lakh)	
	For the year ended 31 <sup>st</sup> March, 2016	For the Year ended 31 <sup>st</sup> March, 2015
Total Income	7,56,213	5,14,874
Profit before Depreciation, Finance Costs and Taxation	67,371	45,251
Less: Depreciation & Amortization	13,977	12,310
Profit before Finance Costs and Taxation	53,394	32,941
Less: Finance Costs	10,125	9,027
Profit before Tax	43,269	23,914
Less: Taxation	15,417	8,611
Profit for the Year	27,852	15,303
Balance of Profit for earlier years	44,131	32,664
Transfer to/(from) Debenture Redemption Reserve	(4,772)	(2,983)
Less: Depreciation on transition to schedule II of Companies Act, 2013	-	137
Profit available for Appropriation	76,755	50,813
Proposed Dividend on Equity Shares including Income Tax on proposed Dividend	9,940	6,682
Balance of Profit carried forward	66,815	44,131
Net worth	3,87,814	1,51,603

No material changes and commitments have occurred after the closure of the financial year ended 31<sup>st</sup> March, 2016 till the date of this Report, which would affect the financial position of the Company.

### 2) Issue and Redemption of Debentures

During the year under review, 5,000, 8.19% rated, unlisted, secured, non-convertible debentures of the nominal value of Rs. 10 lakh each, aggregating to Rs. 500 crore were issued through private placement.

Further, during the year, 2700 8% Secured Unlisted Redeemable non-convertible debentures of the face value of Rs. 10 lakh each aggregating to Rs. 270 crore were redeemed as per the terms of their issue.

### 3) Dividend

Your Directors recommend a dividend of Rs. 0.743 per Equity Share on 3,16,22,50,000 Fully Paid-up Equity Shares on pro-rata basis, aggregating Rs. 9,940 Lakh.

The above dividend, if approved by the members at the ensuing Annual General Meeting, shall be paid to those members, whose names appeared in the Register of Members of the Company as on the record date fixed for this purpose.

### 4) Operations

During the year 2015-16, 1,16,204 vehicles were produced as against 81,737 during the year 2014-15 (42.17% more as compared to the previous year).

The vehicles manufactured by your Company were exported to a number of countries. 7,926 vehicles were exported (through Mahindra & Mahindra Limited) as compared to 12,364 vehicles in FY15.

Your Company ensured that expectations of customers were met in terms of volume and quality. Your Company also maintained a constant focus on launch of new products and all the launches were done as per the schedules.

With relentless focus on quality systems, your Company underwent surveillance audit for ISO 9001-2008, EMS & OSHAS. Your Company won several awards and recognitions during the year, including National Kaizen award, Mahindra Group Innovation Award, Quality Forum Awards etc.

### 5) Share Capital

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 1300 crore to Rs. 5000 crore.

Necessary amendments to the Memorandum of Association and Articles of Association of the Company were carried out during the year, to give effect to the above increase in the Authorized Capital of the Company.

During the year, your Company allotted 220 Crore equity shares of Rs. 10/- each on Rights basis and consequently, the paid - up capital of your Company stood increased to Rs. 31,62,25,00,000 divided into 3,16,22,50,000 equity shares of the face value of Rs. 10/- each as at 31<sup>st</sup> March, 2016.

## 6) Subsidiaries, Associate and Joint Venture

During the year under review, your Company acquired equity shares of the following unlisted companies from Mahindra & Mahindra Limited, the Company's holding company and its subsidiary, at a value determined by Independent Valuers:-

1. 2,26,20,97,350 equity shares, constituting 90.69% capital in Mahindra Two Wheelers Ltd. ("MTWL"), which is engaged in the business of manufacturing and sale of two wheelers.

Further, during the year, the Company subscribed to 16,40,00,000 rights equity shares of Rs. 10 each in MTWL for cash at par.

2. 54,84,00,000 equity shares, constituting the entire capital of Mahindra Heavy Engines Ltd. ("MHEL"), which is engaged in the manufacturing of medium & high speed diesel engines for automotive vehicles, having a product line for on highway & off highway.
3. 12,98,19,505 equity shares, constituting 93.70% capital (together with 4,86,30,971 outstanding convertible warrants with no separate consideration) in Mahindra Reva Electric Vehicles Ltd. ("M REVA"), which is engaged in the designing & manufacturing of compact electric automotive vehicles in India.
4. 2,71,00,006 equity shares, constituting 99.99% capital and one share constituting 0.01% capital of Mahindra Intertrade Ltd ("MIL"), were acquired from Mahindra and Mahindra Limited, the holding company of your Company and Mahindra Holdings Limited, its subsidiary, respectively. MIL is a pioneer in the steel processing space in India and is engaged in the business of steel trading & processing. More than 85% of the business of MIL is focused on manufacturing of auto steel, a key material for the automotive industry.

Further, your Company had also acquired 6,52,71,407 equity shares, constituting 20.19% capital of Mahindra CIE Automotive Limited ("M CIE"), which is a listed entity and one of India's leading components manufacturers with a wide variety of components including forgings, castings, stampings, gears and magnetic products for automotive & non-automotive applications.

Consequent to the above acquisitions, MTWL, MHEL, MREVA and MIL have become subsidiaries of your Company, while MCIE has become an associate company.

Further, Mahindra Two Wheelers Europe Holdings S.à.r.l., Peugeot Motorcycles S.A.S., Mandeure, Peugeot Motorcycles Italia S.p.A and Peugeot Motorcycles Deutschland GmbH, subsidiaries of MTWL and Mahindra Steel Service Centre Limited, Mahindra Electrical Steel Private Limited, Mahindra Auto Steel Private Limited and Mahindra Middle East Electrical Steel Service Centre (FZC), subsidiaries of MIL have become step-down subsidiaries of the Company.

Jinan Qingqi Peugeot Motorcycles Company Limited a joint venture of Peugeot Motorcycles S.A.S became a joint venture of the Subsidiary.

A report on the performance and financial position of each of the subsidiaries, associate and joint venture is provided in Form AOC-1 as Annexure I.

## 7) People

Your Company has over 8000 employees on its rolls as at the close of the 2015-16. Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

## 8) Board of Directors

Presently, the Board of Directors comprises of the following Directors:

Director (DIN)	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Dr. Pawan Kumar Goenka (00254502)	Chairman	Non-Executive Director	Non-Independent Director
Mr. P. N. Shah (00056173)	Director	Non-Executive Director	Non-Independent Director
Mr. S. Durgashankar (00044713) (w.e.f. 27 <sup>th</sup> April, 2016)	Director	Non-Executive Director	Non-Independent Director
Mr. Pankaj Sonalkar (02685465)	Director	Whole-time Director & Chief Executive Officer	Non-Independent Director
Ms. Smita Mankad (02009838)	Director	Non-Executive Director	Independent, Woman Director
Mr. Rahul Asthana (00234247)	Director	Non-Executive Director	Independent Director

Dr. Pawan Kumar Goenka retires by rotation at the 9<sup>th</sup> Annual General Meeting and is eligible for reappointment.

At the 8<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> June, 2015, the appointments of Mr. Nikhil Sohoni (DIN: 06852639) and Mr. Pankaj Sonalkar as Directors were approved by members. The members also accorded their approval for appointment of Mr. Pankaj Sonalkar as the Whole-time Director & Chief Executive Officer.

Mr. Nikhil Sohoni resigned as a Director of the Company with effect from the close of business hours on 27<sup>th</sup> April, 2016 in view of his pre-occupation. The Board places on record its sincere appreciation of the valuable contribution made by Mr. Sohoni during his association with the Company as its Director.



Mr. S. Durgashankar was appointed as an Additional Director on 27<sup>th</sup> April, 2016. A notice was received from a member, together with the deposit of Rs. 1,00,000/- proposing his appointment as a Director at the 9<sup>th</sup> Annual General Meeting.

The Company has received Declarations from the Independent Directors to the effect that they meet the criteria of independence as provided in Sub-section 6 of Section 149 of the Companies Act, 2013.

#### Evaluation of Performance of Directors

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its committees and individual directors. Questionnaires for annual evaluation were circulated to all Directors, whose responses were submitted to the Chairman of the Board of Directors for facilitating the formal annual evaluation.

#### 9) Number of Board Meetings

During the year under review, the Board of Directors conducted five meetings on 28<sup>th</sup> April, 2015, 29<sup>th</sup> July, 2015, 23<sup>rd</sup> October, 2015, 18<sup>th</sup> December, 2015 and 27<sup>th</sup> January, 2016.

#### Attendance of Directors at the meetings of Board of Directors:

Type of meeting and no. of meeting held during FY 2015-16	Dr. Pawan Kumar Goenka	Mr. P. N. Shah	Mr. Nikhil Sohoni*	Mr. Pankaj Sonalkar	Ms. Smita Mankad	Mr. Rahul Asthana
Board of Directors (5 Meetings)	5	5	5	4 (appointed on 28 <sup>th</sup> April, 2015)	5	5

\* Resigned as a director of the Company with effect from the close of business hours on Wednesday, 27<sup>th</sup> April, 2016.

Note: - Mr. S. Durgashankar was appointed as an additional Director w.e.f. 27<sup>th</sup> April, 2016.

#### 10) Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, your Directors, based on the representation received, and after due enquiry, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the Profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- The annual accounts have been prepared on a going concern basis;
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 11) Appointments of/Changes in Key Managerial Personnel (KMP)

Pursuant to the provisions of Section 203 of the Act, the following appointments of/changes in Key Managerial Personnel took place:-

Mr. Hemant Kothari (ACS 20872), Company Secretary, resigned w.e.f. 08<sup>th</sup> June, 2015. Mr. Jignesh Parikh (ACS 20413) was appointed in his place w.e.f. 29<sup>th</sup> July, 2015.

#### 12) Committees of the Board

The following are the details of Committees of the Board:-

##### i) Corporate Social Responsibility Committee

The Committee consists of the following directors:

Mr. P. N. Shah – Chairman  
Dr. Pawan Kumar Goenka  
Mr. Rahul Asthana – Independent Director

During the year under review, the Committee met once on 28<sup>th</sup> April, 2015 and the meeting was attended by all Members of the Committee.

##### ii) Nomination and Remuneration Committee

The Committee consists of the following directors:

Mr. P. N. Shah – Chairman  
Dr. Pawan Kumar Goenka  
Ms. Smita Mankad – Independent Director  
Mr. Rahul Asthana – Independent Director

During the year under review, the Committee met thrice on 28<sup>th</sup> April, 2015, 29<sup>th</sup> July, 2015 and 23<sup>rd</sup> October, 2015 and the meetings were attended by all Members of the Committee.

##### iii) Audit Committee

The Committee consists of the following directors:

Ms. Smita Mankad – Chairperson, Independent Director  
Mr. Rahul Asthana – Independent Director  
Mr. S. Durgashankar (appointed w.e.f. 27<sup>th</sup> April, 2016)

During the year under review, the Committee met five times on 28<sup>th</sup> April, 2015, 29<sup>th</sup> July, 2015, 23<sup>rd</sup> October, 2015, 18<sup>th</sup> December, 2015 and 27<sup>th</sup> January, 2016 and the meetings were attended by all Members of the Committee.

##### iv) Committee for Strategic Investments

The Committee consists of the following directors:

Dr. Pawan Kumar Goenka – Chairman  
Mr. S. Durgashankar (appointed w.e.f. 27<sup>th</sup> April, 2016)

Ms. Smita Mankad – Independent Director

Mr. Rahul Asthana – Independent Director

**v) Meeting of Independent Directors**

The Independent Directors of the Company met on 23<sup>rd</sup> October, 2015 after the conclusion of the 40<sup>th</sup> Board Meeting without the presence of the Chairman, any other non-executive/Executive directors and Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**13) Vigil Mechanism**

In accordance with Section 177 of the Act, your Company has established vigil mechanism for directors and employees to report genuine concerns. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee.

**14) Auditors**

**i) Statutory Auditors**

M/s. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) hold office till the conclusion of the 9<sup>th</sup> Annual General Meeting.

The said Auditors have submitted their written consent to act as Statutory Auditors of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Act read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to appoint Auditors to hold office from the conclusion of the 9<sup>th</sup> Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for FY 2015-16.

**ii) Secretarial Auditor**

Your Company had appointed Mr. Sachin Bhagwat (ACS 10189), a Company Secretary in Practice as the Secretarial Auditor of the Company in accordance with Section 204 of the Act.

In terms of provisions of Sub-section 1 of Section 204 of the Act, the Company has annexed with this Report, the secretarial audit report submitted by the Secretarial Auditor and the same, in prescribed form MR 3 at Annexure II forms part of this report.

There were no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report for FY 2015-16.

**iii) Cost Auditor**

The accounts/cost records in respect of the Construction Equipment & Engine business of the Company are required to be audited pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Companies (cost records and audit) Rules, 2014. The Board of Directors of your Company had appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for conducting the audit of the Cost Accounts of the Company for the financial year ending 31<sup>st</sup> March, 2017.

**Reporting of frauds by Auditors**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board/Audit Committee pursuant to Section 143(12) of the Companies Act 2013, details of which are required to be mentioned in this report.

**15) Policy on criteria for appointment/removal of directors and senior management personnel and remuneration of directors, key managerial personnel and other employees**

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board had approved:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexures IIIA and IIIB respectively and form part of this Report.

**16) Risk Management Policy**

Your Company has formulated a policy for the Management of Risks identifying therein the elements of risks including those, which in the opinion of the Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

**17) Corporate Social Responsibility**

The Mahindra Group's 'Core Purpose' is to challenge conventional thinking and innovatively use all resources to drive positive change in the lives of stakeholders and communities across the world, to enable them to RISE.

In line with this the Mahindra Group CSR vision is to focus efforts within the constituencies of girls, youth & farmers by innovatively supporting them through programs designed in the domains of education, health and environment, while harnessing the power of technology. By investing CSR efforts in these critical constituencies who contribute to nation building and the economy, Mahindra Vehicle Manufacturers Limited will have a shared CSR vision with the Mahindra Group and enable its stakeholders and communities to RISE.

For Mahindra Vehicle Manufacturers Limited responsible business practices include being responsible for our business processes, products, engaging in responsible relations with employees, customers and the community. Hence for the Company, Corporate Social Responsibility goes beyond just adhering to statutory and legal compliances, and creates social and environmental value for our key stakeholders.

#### **CSR Policy**

The Corporate Social Responsibility Committee had formulated and recommended a Corporate Social Responsibility Policy to the Board of Directors, which was subsequently adopted by the Board and the same is being implemented by the Company.

#### **CSR Initiatives**

During the year under review, your Company has worked on the following projects/activities as a part of Corporate Social Responsibility:-

Project Bandhan – Antenatal Care Camp (58 camps), Cancer Camp (4 camps), AIDS Awareness (7 rallies), Health camp for Nanhi Kalis (7 Camps), Support to Thalassemia patients & Plastic Surgery for Cleft lip & Pallet for children (2 Camps). Under Project Bandhan there has been a total rise of beneficiaries to 20727 from 11213 last year.

Education – Project Nanhi Kali, Infra development in school, AWIM (A World In Motion) a project to create awareness about automotive and auto passion in young age continued during the year and 1422 students benefited due to this initiative.

Project Prakruti – Technical education (Welding) for youth girls, which will enable them to secure technical jobs in manufacturing sector.

Project Vikas – ITI Development, River Cleaning, Infra support to Traffic Police, Rural area development of MIDC Road - Plantation/Branding & Road Safety.

During the year under review, the Company spent an amount of Rs. 6,60,10,000/- towards CSR activities, in compliance with the provisions of Section 135 of the Companies Act. Further details in the above matter are enclosed in the prescribed format as Annexure IV to this Report.

#### **18) Internal Financial Controls**

Your Company has adopted an Internal Financial Control System, commensurate with the size, scale and complexity

of its operations. Your Company conducts reviews, at regular intervals, to assess the adequacy of financial and operating controls for the business of the Company. Statutory Auditors have audited the Internal Financial Controls over Financial Reporting of the Company as of 31<sup>st</sup> March, 2016. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and internal auditors are invited to attend Audit Committee meetings. Corrective actions, if required, are being taken up to ensure that the internal financial control system remains robust and as an effective tool.

#### **19) Safety, Health and Environment**

Your Company maintains a good health and safety record in line with the Health and Wellness Policy. Your Company has a well-equipped pathology lab in-house where all routine tests can be conducted.

#### **20) Sustainability Initiatives**

As an initiative towards energy from renewable sources, your Company started the installation work of 350KW PV cell solar project and 2.1 MW Wind Mill Project. The project work is in progress and is scheduled to get commissioned in FY17.

Further, efforts towards conserving water continued during the year and water conservation projects which will lead to saving about 50000 CuM are under execution.

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

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Act read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as Annexure V to this Report.

#### **22) Disclosure of Particulars of Employees as required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

#### **23) Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

Your Company has not accepted deposits from the public or its employees during the year under review.

Pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the Parent company, Mahindra & Mahindra Limited, the Company has availed of a loan of Rs. 1200 crore from Mahindra & Mahindra Limited. The maximum amount due during the year under review in respect of the said loan

was Rs. 1200 crore and the balance outstanding as on 31<sup>st</sup> March, 2016 was Rs. 1200 crore.

Particulars of investments made and loans granted under Section 186 of the Act are given in Notes 13 & 20 forming part of financial statements.

**24) Particulars of Transactions with Related Parties**

All the transactions entered into by your Company with the related parties during the year were in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements with related parties referred to in Sub-section 1 of Section 188 are given in the prescribed form AOC – 2 as Annexure VI and the same forms part of this Report.

**25) Extract of Annual Return**

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31<sup>st</sup> March, 2016 in Form MGT 9 is attached herewith as Annexure VII and forms part of this report.

**26) Policy on prevention of Sexual Harassment**

During the year under review no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**27) General**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise or issue of sweat equity.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the 'going concern' status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

**28) Acknowledgements**

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

**Dr. Pawan Kumar Goenka**  
Chairman  
DIN: 00254502

Mumbai, 27<sup>th</sup> April, 2016

# ANNEXURE I

## Form AOC 1 Part A : Subsidiaries

Sr. No	Name of the Subsidiary	Reporting Currency	Exchange Rate	Capital (including Preference Capital & Share Application money)	Reserves & Surplus	Total Assets	Total Liabilities	Investment (excluding investments in subsidiaries)	Gross Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend and Tax thereon	Proportion of ownership interest	Proportion of voting power where different	Rs. in Lakh	
1	Mahindra Intertrade Limited	INR	1	1,660	41,949	60,437	16,828	3,557	26,066	2,295	808	1,487	2,339	100.00%			
2	Mahindra Steel Service Centre Limited	INR	1	1,654	8,089	21,571	11,828	-	5,197	(145)	(76)	(69)	139	61.00%			
3	Mahindra MiddleEast Electrical Steel Service Centre FZC	AED	18.03	364	2,783	4,711	1,564	-	986	10	-	10	-	90.00%			
4	Mahindra Electrical Steel Private Limited **	INR	1	5	(194)	740	929	-	-	(7)	*	(7)	-	100.00%			
5	Mahindra Auto Steel Private Limited	INR	1	6,850	674	13,477	5,953	47	3,302	432	(261)	693	-	51.00%			
6	Mahindra Two wheelers Limited	INR	1	265,839	(238,617)	75,828	48,606	-	4,156	(8,310)	-	(8,310)	-	91.26%			
7	Mahindra Two Wheelers Europe Holdings S.a.r.l.	EUR	74.97	11,171	(86)	19,596	8,461	-	-	(8)	-	(8)	-	91.26%			100.00%
8	Peugeot Motorcycles SAS #	EUR	74.97	7,354	(16,850)	41,161	50,656	-	7,261	(3,614)	-	(3,614)	-	46.54%			51.00%
9	Peugeot Motorcycles Deutschland GmbH #	EUR	74.97	19	161	1,189	1,008	-	1,615	36	-	36	-	46.54%			100.00%
10	Peugeot Motorcycles Italia S.p.A. #	EUR	74.97	198	(5)	4,004	3,811	-	459	2	-	2	-	46.54%			100.00%
11	Mahindra Reva Electric Vehicles Limited	INR	1	16,155	1,321	27,347	9,871	869	2,117	(2,212)	-	(2,212)	-	93.70%			
12	Mahindra Heavy Engines Limited	INR	1	54,840	(33,134)	49,038	27,332	-	17,394	1,256	-	1,256	-	100.00%			

\* denotes amounts less than Rs. 50000

\*\* denotes companies yet to commence operations

# denotes companies where reporting period is 1st January to 31st December 2015. The financial year for all other subsidiaries is 1st April, 2015 to 31st March, 2016

## Part B: Associates/Joint Ventures

Sr. No	Name of the Associate/Joint Venture	Audited Balance Sheet Date	No. of Equity Shares Held	% of Holding	Cost of Investments (Equity Shares)	Network Attributable to Shareholding as per latest audited Balance Sheet	Profit/(Loss) for the year		Rs. in Lakh	
							Considered in Consolidation	Not Considered in Consolidation	Considered in Consolidation	Considered in Consolidation
1	Mahindra CIE Automotive Limited	31/12/2015	65271407	20.18%	164917	40597	1079	4268		

+ Shareholding through a subsidiary, Peugeot Motorcycles SAS

^ Investment was acquired on 18th February, 2016 hence networth as per latest audited balance sheet is NIL

For and on behalf of the Board

Dr. Pawan Kumar Goenka  
Chairman

DIN: 00254502

Mumbai, 27<sup>th</sup> April, 2016

## ANNEXURE II

### Form No. MR 3 SECRETARIAL AUDIT REPORT

For the financial year ended 31<sup>st</sup> March, 2016  
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Mahindra Vehicle Manufacturers Limited  
Mahindra Towers, P. K. Kurne Chowk  
Worli  
Mumbai 400 018

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Vehicle Manufacturers Limited. (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company during the Audit period)**
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings; **(Not applicable to the Company during the audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company)**
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company)**
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company)**
- (vi) According to the information provided by the company, no other law was specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with the Stock Exchanges, if applicable. **(Not applicable to the Company)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the following events took place having major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations, guidelines, standards:

- (a) The members (i) approved increasing the Authorised Share capital of the Company from Rs. 1,300 Crore to Rs. 5,000 Crore; (ii) approved borrowing upto Rs. 5,000 Crore and mortgaging the undertaking or property of the Company pursuant to Section 180 of the Act, and (iii) approved giving of loans, guarantees and acquisition of securities upto Rs. 5,000 Crore pursuant to Section 186 of the Act;
- (b) The Company allotted 220 Crore Equity shares of Rs. 10 each at par, aggregating to Rs. 2,200 Crore on rights basis; and

(c) The Company acquired the following securities of other bodies corporate:

- i. 2,262,097,350 equity shares of Rs. 10 each (paid up value) of Mahindra Two Wheelers Ltd. aggregating to Rs. 678,62,92,050 (cost of acquisition);
- ii. 548,400,000 equity shares of Rs. 10 each (paid up value) Mahindra Heavy Engines Ltd. aggregating to Rs. 329,04,00,000 (cost of acquisition);
- iii. 129,819,505 equity shares of Rs. 10 each (paid up value) of Mahindra Reva Electric Vehicles Ltd. aggregating to Rs. 324,54,87,625 (cost of acquisition);
- iv. 48,630,971 warrants of Mahindra Reva Electric Vehicles Ltd.
- v. 121,00,007 equity shares of Rs. 10 each (paid up value) of Mahindra Intertrade Ltd. aggregating to Rs. 312,63,99,808.66 (cost of acquisition);
- vi. 150,00,000 equity shares of Rs. 3 each (paid up value) of Mahindra Intertrade Ltd. aggregating to Rs. 387,57,00,000 (cost of acquisition);
- vii. 65,271,407 equity shares of Rs. 10 each (paid up value) of Mahindra CIE Automotive Ltd. aggregating to Rs. 1649,17,26,075.56 (cost of acquisition);

(d) The Company acquired the following securities on rights basis:-

- i. 16,40,00,000 equity shares of Rs. 10 each of Mahindra Two Wheelers Ltd. aggregating to Rs. 164,00,00,000

Signature:

Sachin Bhagwat  
ACS: 10189  
CP: 6029

Place: Pune  
Date: 18<sup>th</sup> April, 2016

## ANNEXURE III A

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Vehicle Manufacturers Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of the Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  - All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  - Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  - Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or a Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

#### Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### Senior Management Personnel

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman/CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

#### II. SUCCESSION PLANNING:

##### Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure the implementation of the strategic business plans of the Company Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.



The Board may also decide not to fill the vacancy caused at its discretion.

**Senior Management Personnel:**

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

**Policy Statement**

The Talent Management framework of the Company has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?

- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

**For and on behalf of the Board**

**Dr. Pawan Kumar Goenka**  
*Chairman*  
 DIN: 00254502

Place: Mumbai  
 Date: 27<sup>th</sup> April, 2016

## ANNEXURE III B

### POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

#### Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Vehicle Manufacturers Limited ('MVML').

#### Policy Statement

The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### Non-Executive including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

#### Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration may consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

#### Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) and the Company Secretary shall be determined and recommended to the Board by the NRC from time to time.

The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

#### Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the Auto Sector HR, in consultation with the CEO at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

**For and on behalf of the Board**

**Dr. Pawan Kumar Goenka**  
Chairman  
DIN: 00254502

Place: Mumbai  
Date: 27<sup>th</sup> April, 2016

**ANNEXURE IV CSR DETAILS**

<b>Rs. Lakhs</b>
Average Net profit for last 3 years
32814
Prescribed CSR expenditure (2% of above average Net profit)
656
Total amount Spent for the Financial year
660
Amount Unspent
NIL

**Manner in which the amount spent during the financial year**

							Rs. in Lakh
CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or programs	Amount spent on the projects or programs Subheads: Overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
Project Bandhan - Ante Natal Care Camp	1d - Health	Local - Tal-Khed - Mah	43	29	14	43	Through an implementing agency - MIMER Hospital, Sterling Hospital, Lokmanya Hospital, Surya Hospital, Lifepoint Hospital, Visionkraft, Satprasad.
Project Bandhan - Cancer Screening Camp	1d - Health	Local - Tal-Khed - Mah	2	2	1	2	Through an implementing agency - Lifepoint Hospital, MIMER Hospital, Inarndar Hospital
Project Bandhan - Support to children - Thalassemia - Iron Chelation Therapy & Plastic Surgery and Blood Donation	1d - Health	Local - PCMC & Pune	16	15	1	16	Through an implementing agency - Ruby Hall Hospital & Sancheti Hospital
Project Bandhan - Blood Bank Maintenance @YCM Hospital	1d - Health	Local - PCMC & Pune	3	3	-	3	Through an implementing agency - Skanray Technology Ltd
Project Bandhan - Health Camp for Narnhi Kaili	1d - Health	Local - Tal-Khed - Mah	4	3	1	4	Through an implementing agency - Sterling Hospital, Ruby Hall, Sahayadri Hospital
Project Prayas - AIDS Awareness Campaign	1d - Health	Local - Tal-Khed - Mah	5	5	-	5	Through an implementing agency - Yash Foundation
Health Camp for Truck Drivers	1d - Health	Local - Tal-Khed - Mah	2	2	*	2	Through an implementing agency - Sterling Hospital
Education - AWIM (A World in Motion)	2a - Education	Local - Tal-Khed - Mah	7	5	2	7	Through an implementing agency - SAE India
Education - Project Vikas (ITI Development)	2c - Education	Local - Tal-Khed - Mah	15	15	-	15	Through an implementing agency - SMC Consultant, Micromatic, United Traders, Group Centre, Sakal NIE, Softech, Three Star Services.
Education - Project Prakruti (Technical Education for girls)	2c - Education	Local - Tal-Khed - Mah	14	14	-	14	Through an implementing agency - Ador Weldings Academy & Growth Centre
Education - Screening & Nurturing Students- Mensa IQ	2a - Education	Local - Tal-Khed - Mah	8	8	-	8	Through an implementing agency - MENSA IQ
Education - Narnhi Kaili Education	2a - Education	Local - Tal-Khed - Mah	96	96	-	96	Through an implementing agency - KCMET
Road Safety Awareness - Education	2a - Education	Local - Tal-Khed - Mah	1	1	*	1	Through an implementing agency - IQ Security Services

	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or programs	Amount spent on the projects or programs Subheads: Overheads	Cumulative expenditure up to the reporting period	Rs. in Lakh
<b>CSR Project or Activity identified</b>							<b>Amount spent direct or through implementing agency</b>
Infra Development in schools	2a - Education	Local - Tal-Khed - Mah	4	4	-	4	Through an implementing agency - Usha Trading
Support for Nehru Science Centre	2a - Education	PCMC & Pune	1	1	-	1	Through an implementing agency - Jakhed Enterprises
Commercial Empowerment of Women - Awareness & Training	3b - Women Empowering	Local - Tal-Khed - Mah	*	*	-	*	Through an implementing agency - Chaitanya India
Need Assessment	10 - Rural Development	Local - Tal-Khed - Mah	5	5	-	5	Through an implementing agency - Sevavardhini
Support to Orphanages	3d - Gender Equality	Local - Tal-Khed - Mah	*	*	-	*	Direct
PUC Camp	4a - Environment	Local - Tal-Khed - Mah	*	*	-	*	Through an implementing agency - Datta Borate
Beautification of MIDC Road	10a - Rural Development	Local - Tal-Khed - Mah	14	14	-	14	Through an implementing agency - Jagdamba Landscapes
Road Safety Signages & Equipments @ MIDC Road No.1	10a - Rural Development	Local - Tal-Khed - Mah	16	16	-	16	Through an implementing agency - AVS Traffic Systems
Infra Support to Rural Police	10a - Rural Development	Local - Tal-Khed - Mah	12	12	-	12	Through an implementing agency - Anuragh Construction & APL Communication
Renovation at Talegaon station	10a - Rural Development	Local - Tal-Khed - Mah	4	4	-	4	Through an implementing agency - Eureka Forbes, Amardep Designs & Nilkamal
Toilets in Maval villages - Survey	10a - Rural Development	Local - Tal-Khed - Mah	*	*	-	*	Through an implementing agency - Sara Plast Pvt Ltd
Namaste Scholarship	2a - Education		200	200	-	200	Through an implementing agency - KCMET
Project Nanhi Kali	2a - Education		45	45	-	45	Through an implementing agency - Naandi Foundation
Education- Mumbai Public school	2a - Education		50	50	-	50	Through an implementing agency - Mumbai Public School
Maharashtra State Women council	3b - Women Empowering		2	2	-	2	Through an implementing agency - Maharashtra State Women council
Caritas India	1a - Health		15	15	-	15	Through an implementing agency - Caritas India
KC Mahindra Education Trust	2a - Education		73	73	-	73	Through an implementing agency - KCMET
<b>Total</b>			<b>660</b>	<b>641</b>	<b>19</b>	<b>660</b>	

\* denotes amount less than Rs. 50000

It is confirmed that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company.

**For and on behalf of the Board**

**Mr. P. N. Shah**  
Chairman of the CSR Committee

**Mr. Pankaj Sonalkar**  
Whole-time Director & CEO

## ANNEXURE V

### PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.

#### A. CONSERVATION OF ENERGY

**(a) Energy Conservation measures taken:**

Following are the major energy conservation projects executed during the year

- Recirculation of exhaust gases in Paint shop oven, thereby reducing the fossil fuel consumption
- Installation of LED tube light (approx. 3000 nos) in the new buildings setup.
- Installation of energy efficient new top coat paint line
- Inauguration of IGBC Certified Green Building

**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

Rs. 200 Lakh.

**(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

- Likely savings in power consumption is estimated to be 41,30,000 units per annum.
- Likely savings in Thermal Energy is estimated to be 164 Tons per annum.

**(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule:**

Not Applicable

#### B. TECHNOLOGY ABSORPTION

**Research & Development (R & D)**

1. Areas in which Research & Development is carried out: Designing of New Vehicle
2. Benefits derived as a result of the above efforts: Developing new platform for vehicle
3. Future plan of action: Development activity to continue till the launch of Vehicle
4. Expenditure on R&D: Rs. 1695 Lakh
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NA

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo during the year under review is as follows:

Foreign Exchange earnings\* – Rs. 26,885 Lakh (Rs. Nil in the previous year)

Foreign Exchange outgo\*\* – Rs. 58,304 Lakh (Rs. 21,114 Lakh in the previous year)

\* Represents the Income of US branch

\*\* Includes expenditure of US branch

**For and on behalf of the Board**

**Dr. Pawan Kumar Goenka**  
*Chairman*  
 DIN: 00254502

Place: Mumbai

Date: 27<sup>th</sup> April, 2016

**ANNEXURE VI**

**AOC - 2**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-	-	-	-	-	-	-	-	-

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Sr. No.	Name(s) of the related party and nature of relationship	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any Rs. in Lakh	Date(s) of approval by the Board, if any	Amount paid as advances, if any	
1.	Mahindra & Mahindra Limited	Holding Company	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016	Purchase of Material	80940	NA
				Sale of Goods	897811	
				Sale of Services	26894	
				Purchase of Investments	367955	
2.	Mahindra Intertrade Limited	Fellow Subsidiary/ Subsidiary	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016	Purchase of Material	13074	NA
3.	Mahindra Logistics Limited	Fellow Subsidiary	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016	Purchase of Services	5655	NA
4.	Mahindra Heavy Engines Limited	Fellow Subsidiary/ Subsidiary	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016	Purchase of Material	39430	NA

**For and on behalf of the Board**

**Dr. Pawan Kumar Goenka**  
Chairman  
DIN: 00254502

Place: Mumbai  
Date: 27<sup>th</sup> April, 2016

## ANNEXURE VII

## Form No. MGT-9

## Extract of Annual Return

as on the financial year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

i.	<b>Corporate Identification Number (CIN)</b>	U34100MH2007PLC171151
ii.	<b>Registration Date</b>	25/05/2007
iii.	<b>Name of the Company</b>	Mahindra Vehicle Manufacturers Limited
iv.	<b>Category/Sub-Category of the Company</b>	Company limited by shares. Indian non-government company.
v.	<b>Address of the Registered office and contact details</b>	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Contact: Mr. Dattatraya Nikam (CFO) Tel : 022-24905619
vi.	<b>Whether listed company Yes/No</b>	No
vii.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	None

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Passenger Cars	29101	75.1%
2	Commercial Vehicles	29102	11.2%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/Associate	% Holding*	Applicable Section
1	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding	100%	2(46)
2	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U51900MH1978PLC020222	Subsidiary	100%	2(87)
3 <sup>@</sup>	Mahindra Steel Service Centre Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U27100MH1993PLC070416	Subsidiary	61%	2(87)
4 <sup>@</sup>	Mahindra Electrical Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U27100MH2009PTC193205	Subsidiary	100%	2(87)
5 <sup>@</sup>	Mahindra Auto Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U27100MH2013PTC250979	Subsidiary	51%	2(87)
6 <sup>@</sup>	Mahindra Middle East Electrical Steel Service Centre (FZC) SAIF Zone, P3 11/12, P.O. Box No. 8114, Sharjah, UAE	–	Subsidiary	90%	2(87)

Sr. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/Associate	% Holding*	Applicable Section
7	Mahindra Two Wheelers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U35911MH2008PLC185462	Subsidiary	91.26%	2(87)
8 <sup>+</sup>	Mahindra Two Wheelers Europe Holdings S.à r.l., 16, Avenue Pasteur, L – 2310, Luxembourg	–	Subsidiary	100%	2(87)
9 <sup>^</sup>	Peugeot Motocycles S.A.S., Mandeuire 103 RUE DU 17 Novembre 25350, Mandeuire	–	Subsidiary	51%	2(87)
10 <sup>&amp;</sup>	Peugeot Motocycles Italia S.p.A Via Gallarate, 199 20151 - Milano	–	Subsidiary	100%	2(87)
11 <sup>&amp;</sup>	Peugeot Motocycles Deutschland GmbH Kurfürstenstra Be 13, 64546, Morfelden – Walldorf, Germany	–	Subsidiary	100%	2(87)
12	Mahindra Heavy Engines Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U35914MH2007PLC169753	Subsidiary	100%	2(87)
13	Mahindra Reva Electric Vehicles Limited 122E, Bommasandra Industrial Area, Bommasandra, Bangalore KA560099	U34101KA1996PLC020195	Subsidiary	93.70%	2(87)

\* Percentage holding in Subsidiaries represents aggregate percentage of shares held by the Company and its subsidiaries

@ a subsidiary of Mahindra Intertrade Limited

+ a subsidiary of Mahindra Two Wheelers Limited

^ a subsidiary of Mahindra Two Wheelers Europe Holding S.a.r.L

& a subsidiary of Peugeot Motocycles S.A.S

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	962,250,000	962,250,000	100	–	316,22,50,000	316,22,50,000	100	–
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
<b>Sub-Total (A) (1):</b>	–	962,250,000	962,250,000	100	–	316,22,50,000	316,22,50,000	100	–



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
<b>Sub-Total (A) (2):</b>	–	–	–	–	–	–	–	–	–
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	–	962,250,000	962,250,000	100	–	316,22,50,000	316,22,50,000	100	–
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Bank/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
j) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-Total (B)(1):</b>	–	–	–	–	–	–	–	–	–
<b>2. Non-Institution</b>									
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	962,250,000	962,250,000	100	-	316,22,50,000	316,22,50,000	100	-

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	96,22,49,994	99.99%	0	316,22,49,994	99.99%	0	-
2	Mahindra & Mahindra Limited jointly with Mr. Anand G. Mahindra*	1	0.01%	0	1	0.01%	0	-
3	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi*	1		0	1		0	-
4	Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda*	1		0	1		0	-
5	Mahindra & Mahindra Limited jointly with Dr. Pawan Kumar Goenka*	1		0	1		0	-
6	Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey*	1		0	1		0	-
7	Mahindra & Mahindra Limited jointly with Mr. P. N. Shah*	1		0	1		0	-
	<b>Total</b>	<b>96,22,50,000</b>	<b>100%</b>	<b>0</b>	<b>316,22,50,000</b>	<b>100%</b>	<b>0</b>	<b>-</b>

\* Shares held by Mahindra & Mahindra Limited jointly with Nominees to comply with the statutory provisions of Companies Act, with regard to minimum number of members.

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sr. No.		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra and Mahindra Limited	96,22,50,000	100	*316,22,50,000	100

\* During the year, the following shares of Rs. 10 each were allotted for cash at par to Mahindra & Mahindra Limited pursuant to Rights issues:-

On 27<sup>th</sup> January, 2016 – 120 crore shares.

On 20<sup>th</sup> March, 2016 – 80 crore shares.

On 31<sup>st</sup> March, 2016 – 20 crore shares.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
–	–	–	–	–	–

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

				Rs. in Lakh
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2015</b>				
i) Principal Amount	60,552	11,500	–	72,052
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	246	22	–	268
<b>Total (i+ii+iii)</b>	<b>60,798</b>	<b>11,522</b>	<b>–</b>	<b>72,320</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	59,272	2,51,151	–	3,01,423
- Reduction	34,552	1,20,643	–	1,55,195
<b>Net change</b>	<b>15,720</b>	<b>1,39,508</b>	<b>–</b>	<b>1,46,228</b>
<b>Indebtedness at the end of the financial year 31.03.2016</b>				
i) Principal Amount	76,000	1,39,806	–	2,15,806
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	518	2,224	–	2,742
<b>Total (i+ii+iii)</b>	<b>76,518</b>	<b>1,42,030</b>	<b>–</b>	<b>2,18,548</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

			Rs. In Lakh
Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		<b>Mr. Pankaj Sonalkar (Whole-time Director and CEO)</b>	
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	88	88
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of Profit	–	–
	– Others, specify	–	–
5.	Others, please specify Provident Fund & other Funds	3	3

			Rs. In Lakh
Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
	Performance Bonus	29	29
	<b>Total (A)</b>	120	120
	Ceiling as per the Act	5% of the net profits of the Company – 2152 lakh	

B. Remuneration of other directors

I. Independent Directors:-

						Rs. In Lakh
Particulars of Remuneration	Names of Directors					Total Amount
	Mr. Rahul Asthana	Ms. Smita Mankad				
Fee for attending board/committee meetings	3	3				6
Commission (proposed)	5	5				10
Others	–	–				–
<b>Total (1)</b>	8	8				16

II. Other Non-Executive Directors:-

							Rs. In Lakh
Other Non-Executive Directors							Total Amount
Fee for attending board/committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
<b>Total (2)</b>	–	–	–	–	–	–	–
<b>Total B = (1+2)</b>	8	8	–	–	–	–	16
Ceiling as per the Act	1% of the Net profits of the Company – Rs. 430 lakh						

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Rs. in Lakh
		Company Secretary Mr. Jignesh Parikh	CFO Mr. Dattatraya Nikam	Total
1.	Gross salary (Rupees)			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1	38	39
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	3	3
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify Provident Fund and Other Funds	-	3	3
	<b>Total (C)</b>	1	44	45

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: None

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

**Dr. Pawan Kumar Goenka**  
Chairman  
DIN: 00254502

Place: Mumbai  
Date: 27<sup>th</sup> April, 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA VEHICLE MANUFACTURERS LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Mahindra Vehicle Manufacturers Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch at Michigan, USA.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### **Other Matter**

We did not audit the financial information of a branch included in the financial statements of the Company whose financial information reflect total assets of Rs. 3,562 lakhs as at 31<sup>st</sup> March, 2016 and total revenues of Rs. 26,885 lakhs for the year ended on that date, as considered in the financial statements. The financial information of this branch has been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.
  - c) The reports on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report

- are in agreement with the books of account and with the returns received from the branch not visited by us.
- e) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**  
*Chartered Accountants*  
 (Firm Registration No. 117366W)

**H. L. Shah**  
*Partner*  
 (Membership No. 033590)

Mumbai, April 27, 2016

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Vehicle Manufacturers Limited** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117366W)

**H. L. Shah**  
Partner  
(Membership No. 033590)

Mumbai, April 27, 2016



**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of physical verification of fixed assets whereby fixed assets are physically verified once every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, physical verification was conducted in the current year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the March 31, 2016. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence there are no unclaimed deposits.
6. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to

the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes except as below:
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
9. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in lakhs)	Amount Unpaid (Rs. in lakhs)
The Central Excise Act, 1944	Excise Duty	The Company is in process of filing appeal with Customs, Excise and Service Tax Appellate Tribunal (CESTAT).	2012 to 2014	942	942

10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year, except for pilferage of goods amounting to Rs. 6.92 lakhs which has been subsequently recovered by the Company in full.
11. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
13. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
16. The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**  
*Chartered Accountants*  
*(Firm Registration No. 117366W)*

**H. L. Shah**  
*Partner*  
*(Membership No. 033590)*

Mumbai, April 27, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	Rupees in Lakhs	
		As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share capital .....	2	316,225	96,225
(b) Reserves and surplus .....	3	73,742	55,830
		<b>389,967</b>	152,055
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings .....	4	170,000	26,000
(b) Deferred tax liabilities (Net) .....	5	17,406	17,116
(c) Long term provisions .....	6	2,969	4,734
		<b>190,375</b>	47,850
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings .....	7	19,806	15,784
(b) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises .....	8	2,045	454
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises .....	8	163,855	89,989
(c) Other current liabilities .....	9	48,349	47,096
(d) Short-term provisions .....	10	15,336	8,997
		<b>249,391</b>	162,320
<b>Total .....</b>		<b>829,733</b>	362,225
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets .....	11	198,258	184,984
(ii) Intangible assets .....	12	757	452
(iii) Capital work-in-progress .....	12A	2,230	11,808
(iv) Intangible assets under development .....		1,396	-
		<b>202,641</b>	197,244
(b) Non-current investments .....	13	384,840	280
(c) Long term loans and advances .....	14	41,431	60,129
(d) Other non-current assets .....	15	15	15
		<b>628,927</b>	257,668
<b>(2) Current assets</b>			
(a) Current investments .....	16	6,000	-
(b) Inventories .....	17	65,361	38,320
(c) Trade receivables .....	18	92,197	31,891
(d) Cash and cash equivalents .....	19	7,379	4,057
(e) Short-term loans and advances .....	20	3,009	3,478
(f) Other current assets .....	21	26,860	26,811
		<b>200,806</b>	104,557
<b>Total .....</b>		<b>829,733</b>	362,225

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**H. L. Shah**  
Partner**Pankaj Sonalkar**

CEO

**Dattatraya Nikam**

CFO

**Jignesh Parikh**

Company Secretary

**For and on behalf of the Board****Dr. Pawan Kumar Goenka****P. N. Shah****S. Durgashankar****Smita Mankad****Rahul Asthana**

} Directors

Date: April 27, 2016

Place: Mumbai

Date: April 27, 2016

Place: Mumbai

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

Particulars	Note No.	Rupees in Lakhs	
		For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
<b>I. Revenue from operations – Gross</b> .....		<b>910,512</b>	613,278
Less: Excise Duty .....		<b>(155,970)</b>	(101,172)
Revenue from operations – Net .....	22	<b>754,542</b>	512,106
<b>II. Other Income</b> .....	23	<b>1,671</b>	2,768
<b>III. Total Revenue (I + II)</b> .....		<b>756,213</b>	514,874
<b>IV. Expenses:</b>			
Cost of materials consumed .....	24	<b>632,879</b>	438,936
Changes in inventories of finished goods and work-in-progress .....	25	<b>(9,886)</b>	(1,615)
Employee benefits expense .....	26	<b>31,399</b>	17,667
Finance costs.....	27	<b>10,125</b>	9,027
Depreciation and amortization expense .....	11 & 12	<b>13,977</b>	12,310
Other expenses.....	28	<b>34,450</b>	14,635
<b>Total Expenses</b> .....		<b>712,944</b>	490,960
<b>V. Profit before tax (III - IV)</b> .....		<b>43,269</b>	23,914
<b>VI. Tax expense:</b>			
(1) Current tax .....		<b>15,127</b>	7,574
(2) Deferred tax .....		<b>290</b>	1,037
		<b>15,417</b>	8,611
<b>VII. Profit for the year (V - VI)</b> .....		<b>27,852</b>	15,303
<b>VIII. Basic/Diluted earnings per equity share: (Face Value per share Rs. 10)</b> .....		<b>2.32</b>	1.59

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**H. L. Shah**

Partner

Date: April 27, 2016

Place: Mumbai

**Pankaj Sonalkar**

CEO

**Dattatraya Nikam**

CFO

**Jignesh Parikh**

Company Secretary

**For and on behalf of the Board**

**Dr. Pawan Kumar Goenka**

**P. N. Shah**

**S. Durgashankar**

**Smita Mankad**

**Rahul Asthana**

} Directors

Date: April 27, 2016

Place: Mumbai

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March 2016		For the year ended 31 <sup>st</sup> March 2015	
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax: .....		43,269		23,914
Adjustment for:				
Depreciation and Amortisation expense .....	13,977		12,310	
Finance cost .....	10,125		9,027	
Loss on sale of fixed assets .....	6		15	
Profit on sale of current investments.....	(352)		(582)	
Interest income.....	(514)		(1,056)	
		23,242		19,714
Operating profit before Working Capital changes .....		66,510		43,628
<b>Adjustments for changes in Working capital Increase/ (Decrease) in operatig assets:</b>				
Long term Loans and advances.....	19,160		(22,713)	
Inventories .....	(27,041)		(559)	
Trade Receivables .....	(58,777)		19,487	
Short term Loans and advances .....	437		(601)	
Other current assets.....	536		(2,736)	
Other Non Current assets.....	-		(7)	
<b>(Increase)/Decrease in operatig liabilities:</b>				
Long term Provisions .....	379		767	
Trade Payables.....	74,143		(10,039)	
Other current liabilities .....	2,762		2,507	
Short term Provisions.....	391		4	
		11,990		(13,891)
Cash generated from operations.....		78,501		29,738
Income taxes paid (net) .....		(12,682)		(7,803)
Net Cash from/(used in) Operating activities (A).....		65,818		21,935
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Tangible and Intangible Assets:				
- Purchase.....	(16,360)		(16,441)	
- Sale.....	18		14	
Current Investments:				
- Purchase.....	(458,200)		(275,850)	
- Sale.....	452,552		280,832	
Purchase of long term investments:				
- Subsidiaries.....	(221,943)			
- Associate .....	(164,917)			
Acquisition of Branch.....	(1,812)		2,500	
Bank balances not considered as Cash and cash equivalents.....	-		849	
Interest received .....	139		1,404	
Net Cash from/(used in) investing activities (B) .....		(410,523)		(6,692)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (CONTD)**

	For the year ended 31 <sup>st</sup> March 2016		For the year ended 31 <sup>st</sup> March 2015	
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of equity share .....	220,000		–	
Proceeds from Long term borrowings .....	170,000		–	
Repayment of Long term borrowings .....	(30,268)		(29,613)	
Proceeds from Short term borrowings.....	128,949		15,784	
Repayment of Short term borrowings.....	(124,927)		–	
Dividend paid (including dividend distribution tax) .....	(6,682)		(6,496)	
Finance cost paid.....	(9,101)		(9,104)	
Net Cash from/(used in) financing activities (C) .....		347,971		(29,429)
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) .....</b>				
		3,266		(14,186)
Cash and Cash Equivalents (Opening balance) .....		4,057		18,243
Cash on Branch Acquisition .....		56		–
Cash and Cash Equivalents (Closing balance) .....		7,379		4,057

**Note:**

Cash and cash equivalents comprise:

	As at 31 <sup>st</sup> Mar, 2016 Rs. In lakhs	As at 31 <sup>st</sup> Mar, 2015 Rs. In lakhs	As at 31 <sup>st</sup> Mar, 2014 Rs. In lakhs
Cash on hand.....	–	–	–
Balances with Banks .....	7,379	4,057	18,243
	<u>7,379</u>	<u>4,057</u>	<u>18,243</u>

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**H. L. Shah**  
Partner

**Pankaj Sonalkar**  
CEO  
**Dattatraya Nikam**  
CFO

**Jignesh Parikh**  
Company Secretary

**For and on behalf of the Board**

**Dr. Pawan Kumar Goenka**  
**P. N. Shah**  
**S. Durgashankar**  
**Smita Mankad**  
**Rahul Asthana**

} Directors

Date: April 27, 2016  
Place: Mumbai

Date: April 27, 2016  
Place: Mumbai

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES:

#### (A) BASIS OF ACCOUNTING :

The financial statements are prepared in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, as applicable.

#### (B) Tangible Assets :

(a) Tangible assets are carried at cost less depreciation. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.

- (b) (i) Leasehold land is amortised over the period of the lease.
- (ii) Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:
- (1) Certain items of Plant and Machinery individually costing more than Rs. 5,000 - over their useful lives (2 years, 3 years, 5 years, 8 Years, 10 years, 20 years or 25 years as the case may be) as determined by the Company.
  - (2) Roads - over their useful life (15 years) as determined by the Company.
  - (3) Cars and Vehicles - over their useful life (5 years) as determined by the Company.
  - (4) Assets individually costing upto Rs 5000 over a period of 12 months.

#### (C) Intangible Assets :

Intangible assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

- (a) License Fee :
- The expenditure incurred is amortised over the estimated period of benefit, not exceeding five years commencing with the year of purchase of License.
- (b) Technical Know-how fees :
- The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefit, not exceeding five years.
- (c) Software Expenditure :
- The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

#### (D) Investments :

Long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

#### (E) Inventories :

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced, manufactured components and work-in-progress are carried at cost or net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower.

#### (F) Foreign Exchange Transactions :

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year (other than those relating to long term foreign currency monetary items) is recognised as income or expense, as the case may be.

Any premium or discount arising at the inception of a forward exchange contract is recognised as income or expense over the life of the contract.

#### (G) Revenue Recognition :

Sales of products and services are recognised when the products are shipped or services rendered.

Interest is recognized on time proportion basis and dividend income from investments in shares is recognized when the owner's right to receive the payment is established.

#### (H) Government Grants :

The Company, directly or indirectly through a consortium of Mahindra Group Companies, is entitled to various incentives from government authorities in respect of manufacturing units located in developing regions. The Company accounts for its entitlement as income on an accrual basis.

#### (I) Employee Benefits :

Defined Contribution Plan/Defined Benefit Plan/Long term Compensated Absences:

Company's contributions paid/payable during the year to Provident fund, Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the Statement of Profit and Loss as and when the employee renders service.

Company's liability towards gratuity, long term compensated absences are determined by independent actuaries, using the projected unit credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

#### (J) Borrowing Costs :

All borrowing costs are charged to the Statement of Profit and Loss except :

- (i) Borrowing costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, which are capitalised as part of the cost of such assets.
- (ii) Expenses incurred on raising long term borrowings are amortised over the period of borrowings. On early buyback, conversion or repayment of borrowings, any unamortised expenditure is fully written off in that year.

#### (K) Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of

MAHINDRA VEHICLE MANUFACTURERS LIMITED

reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

**NOTE 2 – SHARE CAPITAL**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Authorised:</b>		
5,00,00,00,000 (Previous year – 1,30,00,00,000) equity shares of Rs. 10 each	500,000	130,000
<b>Issued, Subscribed and Paid up :</b>		
3,162,250,000 (Previous year – 96,22,50,000) equity shares of Rs. 10 each fully paid up	316,225	96,225
<b>Total</b>	<b>316,225</b>	<b>96,225</b>

**Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:**

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No of shares	Amount Rs. in Lakhs	No of shares	Amount Rs. in Lakhs
No. of Equity shares outstanding at the beginning of the year	962,250,000	96,225	962,250,000	96,225
Add: Additional Equity shares issued during the year	2,200,000,000	220,000	–	–
Less: Equity Shares forfeited/ Bought back during the year	–	–	–	–
No. of Equity shares outstanding at the end of the year	3,162,250,000	316,225	962,250,000	96,225

**Notes:**

(i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	2016		2015	
	Number of shares	% shareholding	Number of shares	% shareholding
Equity Shares:				
Mahindra & Mahindra Ltd (holding company) and its nominees	3,162,250,000	100	962,250,000	100

(ii) Rights, preferences, restrictions of equity shares  
The Company has only one class of Equity Shares having par value of Rs. 10 per share. Each holder of Equity Share is entitled to one vote per share.

**NOTE 3 – RESERVES AND SURPLUS**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Debenture Redemption Reserve:</b>		
As per last Balance Sheet	11,699	14,682
Add: Additions during the year	1,978	3,768
Transferred from Surplus in Statement of Profit & Loss		
Less: Transferred to Surplus in the Statement of Profit & Loss upon redemption of Series I & Series II Non Convertible Debentures	(6,750)	(6,751)
	<b>6,927</b>	<b>11,699</b>

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Surplus i.e. Balance in Statement of Profit and Loss</b>		
As per last Balance Sheet	44,131	32,664
Less: Depreciation on transition to schedule II of Companies Act, 2013 on tangible fixed asset with nil remaining useful life (Net of deferred Tax) (Refer note 43)	–	(137)
Add: Profit for the year	27,852	15,303
Amounts transferred from Debenture Redemption Reserve	6,750	6,751
Transfer to Debenture Redemption Reserve	(1,978)	(3,768)
Proposed Dividend (Rs. 0.743 per equity share) (Previous year Rs. 0.577 per equity share)	(8,932)	(5,552)
Tax on Proposed Dividend	(1,008)	(1,130)
<b>Total</b>	<b>66,815</b>	<b>44,131</b>
	<b>73,742</b>	<b>55,830</b>

**NOTE 4 – LONG TERM BORROWINGS**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Loans and Advances from other than related parties:</b>		
Debentures (Secured)		
2,600 (Previous period 2,600) 8% Non Convertible Debentures of Rs. 10,00,000/- each, fully paid (Series III)	–	26,000
2,000 (Previous period Nil) 8.19% Non Convertible Debentures of Rs. 10,00,000/- each, fully paid (Series C)	20,000	–
1,500 (Previous period Nil) 8.19% Non Convertible Debentures of Rs. 10,00,000/- each, fully paid (Series B)	15,000	–
1,500 (Previous period Nil) 8.19% Non Convertible Debentures of Rs. 10,00,000/- each, fully paid (Series A)	15,000	–
<b>Loans and Advances from related parties:</b>		
Term Loans (Unsecured)	120,000	–
<b>Total</b>	<b>170,000</b>	<b>26,000</b>

**Notes:**

1. Debentures are to be secured by First Pari Passu charge on Plant & Machinery of the Company.

**NOTE 4a: Terms of repayment/redemption of Term Loans and Debentures:**

	Terms of repayment/redemption	
	Period/Date	Rs. In Lakhs
Debentures	25-Feb-2019	15,000
	24-Feb-2020	15,000
	23-Feb-2021	20,000
Term Loan from Mahindra & Mahindra Limited	1-Jan-2026	120,000

**NOTE 5 – DEFERRED TAX LIABILITIES (NET)**

(i) Break up of deferred tax liability as at year end:

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Nature of timing difference</b>		
Provision for Depreciation	19,140	18,084
<b>Total</b>	<b>19,140</b>	<b>18,084</b>



## (ii) Break up of deferred tax asset as at year end:

Nature of timing difference	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Unclaimed amount under Section 43B of Income Tax Act 1961	1,734	968
<b>Total</b>	<b>1,734</b>	<b>968</b>
<b>(iii) Deferred tax asset/(liability) net:</b>	<b>(17,406)</b>	<b>(17,116)</b>

## NOTE 6 – LONG-TERM PROVISIONS

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Provision for Employee Benefits	2,969	2,590
Provision – Others:		
– Provision for premium on redemption of debentures	–	2,144
<b>Total</b>	<b>2,969</b>	<b>4,734</b>

## NOTE 7 – SHORT TERM BORROWINGS

Loans and Advances from other than related parties :	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Loans repayable on demand		
– On Cash Credit Account from Banks (Secured)	–	4,284
(Secured by hypothecation of first charge on Inventory and book debts)		
– from Banks (Unsecured)	–	11,500
Commercial Papers (Unsecured)	19,806	–
<b>Total</b>	<b>19,806</b>	<b>15,784</b>

## NOTE 11 – TANGIBLE ASSETS

	Cost					Depreciation/Amortization					Net Block		
	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs	Acquisition through business combination Rs. in Lakhs	Additions during the year Rs. in Lakhs	Disposals during the year Rs. in Lakhs	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	Upto 31 <sup>st</sup> March, 2015 Rs. in Lakhs	Acquisition through business combination Rs. in Lakhs	For the year Rs. in Lakhs	On disposals during the year Rs. in Lakhs	Transition adjustment recorded against surplus balance in Statement of Profit and Loss Rs. in Lakhs	Upto 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Freehold Land</b>	–	94	57	–	151	–	–	–	–	–	151	–	
Previous year	–	–	–	–	–	–	–	–	–	–	–	–	
<b>Leasehold Land (Refer note 32)</b>	31,783	–	78	–	31,861	2,088	–	321	–	2,409	29,452	29,695	
Previous year	31,612	–	171	–	31,783	1,768	–	320	–	2,088	29,695	29,844	
<b>Buildings (Refer note 32)</b>	92,231	374	11,735	–	104,340	12,690	2	3,401	–	16,093	88,247	79,541	
Previous year	89,093	–	3,138	–	92,231	9,524	–	3,166	–	12,690	79,541	79,569	
<b>Plant &amp; Equipment</b>	103,019	195	12,559	–	115,773	31,047	27	8,487	–	39,561	76,212	71,972	
Previous year	101,357	–	1,662	–	103,019	23,917	–	7,124	–	31,047	71,972	77,440	
<b>Furniture &amp; Fixtures</b>	2,349	121	678	–	3,148	702	22	329	–	1,053	2,095	1,647	
Previous year	2,098	–	251	–	2,349	464	–	238	–	702	1,647	1,634	
<b>Leasehold Improvements</b>	–	190	1	–	191	–	41	38	–	79	112	–	
Previous year	–	–	–	–	–	–	–	–	–	–	–	–	
<b>Vehicles</b>	1,244	32	181	61	1,396	543	3	242	37	751	645	701	
Previous year	1,139	–	189	84	1,244	339	–	255	55	543	701	800	

## NOTE 8 – TRADE PAYABLES

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Total outstanding dues of micro enterprises and small enterprises (Refer Note 39)	2,045	454
Total outstanding dues of creditors other than micro enterprises and small enterprises:		
– Acceptances	708	603
– Other than acceptances	163,147	89,386
<b>Total</b>	<b>165,900</b>	<b>90,443</b>

## NOTE 9 – OTHER CURRENT LIABILITIES

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Current maturities of long-term debt	26,000	30,268
Interest accrued but not due on borrowings	2,742	268
Other payables	19,607	16,560
<b>Total</b>	<b>48,349</b>	<b>47,096</b>

Other payable includes government grants payable to group companies, capital creditors, EMD deposits, advances from customers, employee related statutory obligations, withholding tax payable, wealth tax payable, excise duty payable, retention money etc.

## NOTE 10 – SHORT-TERM PROVISIONS

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Provision for Employee Benefits	936	205
Proposed Dividend	8,932	5,552
Provision for Tax on Proposed Dividend	1,008	1,130
Provision - Others :		
– Provision for premium on redemption of debentures	2,848	2,110
– Provision for tax	1,612	–
<b>Total</b>	<b>15,336</b>	<b>8,997</b>

MAHINDRA VEHICLE MANUFACTURERS LIMITED

	Cost					Depreciation/Amortization					Net Block		
	As at 31 <sup>st</sup> March, 2015	Acquisition through business combination	Additions during the year	Disposals during the year	As at 31 <sup>st</sup> March, 2016	Upto 31 <sup>st</sup> March, 2015	Acquisition through business combination	For the year	On disposals during the year	Transition adjustment recorded against surplus balance in Statement of Profit and Loss	Upto 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>Office Equipment</b>	<b>4,222</b>	<b>236</b>	<b>446</b>	<b>–</b>	<b>4,904</b>	<b>2,794</b>	<b>51</b>	<b>715</b>	<b>–</b>	<b>–</b>	<b>3,560</b>	<b>1,344</b>	1,428
Previous year	4,124	–	98	–	4,222	1,747	–	849	–	198	2,794	1,428	2,377
<b>Total</b>	<b>234,848</b>	<b>1,242</b>	<b>25,735</b>	<b>61</b>	<b>261,764</b>	<b>49,864</b>	<b>146</b>	<b>13,533</b>	<b>37</b>	<b>–</b>	<b>63,506</b>	<b>198,258</b>	184,984
Total Previous year	229,423	–	5,509	84	234,848	37,759	–	11,952	55	208	49,864	184,984	191,664

**Note:**

- (i) Plant equipment includes cost Rs 649 Lakhs (previous year- Rs 649 lakhs), Net Block Rs 423 lakhs (previous year- Rs 495 lakhs) and depreciation for the year Rs 72 lakhs (previous year- Rs 72 lakhs) in respect of expenditure incurred on capital asset ownership of which does not vest in the company.
- (ii) Adjustments include Rs. 208 lakhs (net of 5% residual value of original cost) where the remaining useful life of the asset pursuant to revision of life as envisaged in the Schedule II to the Companies Act 2013 as at March 31, 2014, is nil and hence the balance carrying amount as on March 31, 2014 being adjusted against the opening balance in the retained earnings in the previous year.
- (iii) Current year figures are given in bold.

**NOTE 12 – INTANGIBLE ASSETS**

	Cost					Amortization					Net Block		
	As at 31 <sup>st</sup> March, 2015	Acquisition through business combination	Additions during the year	Disposals during the year	As at 31 <sup>st</sup> March, 2016	Upto 31 <sup>st</sup> March, 2015	Acquisition through business combination	For the year	On disposals during the year	Upto 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	
<b>(Other than internally generated)</b>													
<b>Goodwill</b>	<b>–</b>	<b>60</b>	<b>–</b>	<b>–</b>	<b>60</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>60</b>	<b>–</b>	
Previous year	–	–	–	–	–	–	–	–	–	–	–	–	
<b>Computer Software</b>	<b>1,172</b>	<b>285</b>	<b>476</b>	<b>–</b>	<b>1,933</b>	<b>1,059</b>	<b>72</b>	<b>284</b>	<b>–</b>	<b>1,415</b>	<b>518</b>	113	
Previous year	1,122	–	50	–	1,172	861	–	198	–	1,059	113	261	
<b>License</b>	<b>489</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>489</b>	<b>301</b>	<b>–</b>	<b>98</b>	<b>–</b>	<b>399</b>	<b>90</b>	188	
Previous year	489	–	–	–	489	203	–	98	–	301	188	286	
<b>Technical know how</b>	<b>310</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>310</b>	<b>159</b>	<b>–</b>	<b>62</b>	<b>–</b>	<b>221</b>	<b>89</b>	151	
Previous year	310	–	–	–	310	97	–	62	–	159	151	213	
<b>Total</b>	<b>1,971</b>	<b>345</b>	<b>476</b>	<b>–</b>	<b>2,792</b>	<b>1,519</b>	<b>72</b>	<b>444</b>	<b>–</b>	<b>2,035</b>	<b>757</b>	452	
Total Previous year	1,921	–	50	–	1,971	1,161	–	358	–	1,519	452	760	

**NOTE 12A – CAPITAL WORK-IN-PROGRESS**

Particulars	As at		Particulars	Balance as at	Expenditure	Expenditure	Expenditure	Balance as at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015		31 <sup>st</sup> March, 2015	incurred during the year	incurred upto 31 <sup>st</sup> March, 2016	allocated to Fixed Assets	31 <sup>st</sup> March, 2016
	Rs. in Lakhs	Rs. in Lakhs		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Capital Work-in-Progress	<b>2,231</b>	11,440	Repairs & Maintenance – Machinery	0	–	0	0	–
Incidental Expenditure during construction period pending allocation to fixed assets	–	368	Repairs & Maintenance – Building	142	–	142	142	–
<b>Total</b>	<b>2,231</b>	<b>11,808</b>	Miscellaneous Expenses	67	64	131	131	–
			<b>Total expenditure</b>	<b>368</b>	<b>99</b>	<b>467</b>	<b>467</b>	<b>–</b>
			Previous year	196	172	368	–	368

**NOTE 12B – INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD PENDING ALLOCATION TO FIXED ASSETS (INCLUDED IN CAPITAL WORK-IN-PROGRESS)**

Particulars	Balance as at 31 <sup>st</sup> March, 2015	Expenditure incurred during the year	Expenditure incurred upto 31 <sup>st</sup> March, 2016	Expenditure allocated to Fixed Assets	Balance as at 31 <sup>st</sup> March, 2016
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Salaries, wages and bonus	159	35	194	194	–

**NOTE 13 – NON CURRENT INVESTMENTS**

	Face Value Per Unit (Rupees)	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
		Number	Rs in Lakhs	Number	Rs in Lakhs
<b>Investments (At Cost, unless otherwise specified) :</b>					
<b>Investments in Equity Instruments: (Trade and fully paid-up unless otherwise specified) :</b>					
<b>Unquoted</b>					
<b>(i) In Subsidiary Companies</b>					
- Mahindra Reva Electric Vehicles Pvt. Ltd.	+	10	129,819,505	32,455	-
- Mahindra Intertrade Limited [including 1,50,00,000 shares partly paid- up Rs. 3 per share]	+	10	271,00,007	70,021	-
- Mahindra Heavy Engines Limited	+	10	548,400,000	32,904	-
- Mahindra Two Wheelers Limited	+	10	2,426,097,350	84,263	-
				<b>219,643</b>	-
<b>(ii) In Other Companies</b>					
- Sai Wardha Power Limited: Class 'A' Equity Shares	+	10	1,238,279	124	1,238,279
				<b>124</b>	<b>124</b>
<b>Quoted</b>					
<b>(i) In Associate Companies</b>					
- Mahindra CIE Automotive Limited	+	10	65,271,407	164,917	-
				<b>164,917</b>	-
<b>Investments in Preference Shares (Trade and fully paid-up unless otherwise specified):</b>					
<b>Unquoted</b>					
<b>(i) In Other Companies</b>					
- Sai Wardha Power Limited: 0.01% Class 'A' Redeemable Preference Shares	+	10	1,561,721	156	1,561,721
				<b>156</b>	<b>156</b>
Total				<b>384,840</b>	<b>280</b>
<b>Other Disclosures</b>					
(i) Aggregate amount of Quoted Investments (Gross)				164,917	-
- Market value of quoted investments				128,030	-
(ii) Aggregate amount of Unquoted Investments (Gross)				219,923	280

+ Equity in these companies carry certain restrictions on transfer of shares due to contractual or regulatory restrictions.

**NOTE 14 – LONG TERM LOANS AND ADVANCES**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Loans and Advances to other than related parties</b>		
<b>(Secured, considered good)</b>		
Other Loans and Advances (Advance to Suppliers)	-	185
<b>Loans and Advances to other than related parties:</b>		
<b>(Unsecured, considered good)</b>		
Capital Advances	191	1,570
Security deposits	61	47
Other Loans and Advances	41,179	58,327
<b>Total</b>	<b>41,431</b>	<b>60,129</b>

Other Loans & Advances includes income tax payment less provisions, VAT Refund, prepaid expenses, Share application money paid pending allotment etc.

**NOTE 15 – OTHER NON CURRENT ASSETS**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Others</b>		
Balances held as Margin money or security against borrowings, guarantee and other commitments	15	15
<b>Total</b>	<b>15</b>	<b>15</b>

**NOTE 16 – CURRENT INVESTMENTS**

	Face Value Rs.	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
		Units	Rs. in Lakhs	Units	Rs. in Lakhs
<b>CURRENT INVESTMENTS (Unquoted)</b>					
(at cost or fair value whichever is lower)					
<b>Investments in Mutual funds</b>					
a) Birla Sunlife - Growth Fund	100	412,303	1,000	-	-
b) IDFC Cash Fund - Growth	1,000	27,223	500	-	-
c) JM High Liquidity Fund - Institutional Plan - Growth Option	10	2,422,058	1,000	-	-
d) Kotak Liquid Scheme	1,000	16,308	500	-	-
e) L&T Liquid Fund	1,000	24,127	500	-	-
f) LIC Nomura Mutual Fund Liquid Fund	1,000	36,514	1,000	-	-
g) Principal Cash Management Fund-Regular Plan Growth	1,000	34,022	500	-	-
h) UTI Money Market Fund - Institutional Plan - Growth	1,000	59,101	1,000	-	-
<b>Total</b>		<b>6,000</b>			

**NOTE 17 – INVENTORIES**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
(at cost or net realisable value whichever is lower)		
Raw materials (Including Goods in transit Rs.610 Lakhs) (Previous year Rs.1,609 Lakhs))	34,194	19,122
Work-in-Progress	6,287	3,712
Finished Goods	22,576	13,887
Stores and spares	1,735	1,074
Loose tools	569	525
<b>Total</b>	<b>65,361</b>	<b>38,320</b>

**NOTE 18 – TRADE RECEIVABLES**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
(Unsecured, considered good)		
Trade receivables due for a period exceeding six months from the date they are due for payment	-	-
Other Trade Receivables	92,197	31,891
<b>Total</b>	<b>92,197</b>	<b>31,891</b>

**NOTE 19 – CASH AND CASH EQUIVALENTS**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Cash and cash equivalents (As per AS 3 Cash Flow Statement)		
Cash on hand	-	-
Balances with banks		
- In current accounts	3,329	7
- In deposit accounts	4,050	4,050
<b>Total – Cash and Cash Equivalents (As per AS 3 Cash Flow Statement)</b>	<b>7,379</b>	<b>4,057</b>
<b>Total – Cash and Cash Equivalents</b>	<b>7,379</b>	<b>4,057</b>

**NOTE 20 – SHORT TERM LOANS AND ADVANCES**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Loans and Advances to other than related parties:</b>		
<b>(secured, considered good)</b>		
Advances to Suppliers	285	185
<b>(Unsecured, considered good)</b>		
Others	2,724	3,293
<b>Total</b>	<b>3,009</b>	<b>3,478</b>

Others Includes advances to suppliers, employee advances, prepaid expenses, balances with central excise, security deposit etc.

**NOTE 21 – OTHER CURRENT ASSETS**

	As at 31 <sup>st</sup> March, 2016 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Interest Accrued (On Fixed Deposits, advance to suppliers etc.)	711	336
Other Receivables (Government grants receivable, lease rent receivable etc)	26,149	26,475
<b>Total</b>	<b>26,860</b>	<b>26,811</b>

**NOTE 22 – REVENUE FROM OPERATIONS - NET**

	For the year ended 31 <sup>st</sup> March, 2016 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Sale of products	868,513	594,235
Sale of services	26,903	43
<b>Other operating revenues</b>		
- Government Grants*	11,723	16,295
- Scrap Sales	3,373	2,705
	<b>910,512</b>	<b>613,278</b>
Less: Excise Duty	(155,970)	(101,172)
<b>Total</b>	<b>754,542</b>	<b>512,106</b>

\* Includes Government Grant recognized in respect of earlier years Rs.Nil (Previous year - Rs.4,949 lakhs )

**NOTE 23 – OTHER INCOME**

	For the year ended 31 <sup>st</sup> March, 2016 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Profit on sale of current investments	352	582
Income from Lease Rent	606	605
Cash discount received	164	224
Interest earned	514	1,056
Net gain on foreign currency transactions and translation	-	265
Other non-operating income (net of expenses directly attributable to such income)	35	36
<b>Total</b>	<b>1,671</b>	<b>2,768</b>

**NOTE 24 – COST OF MATERIAL CONSUMED**

	For the year ended 31 <sup>st</sup> March, 2016 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Raw Material Consumed	632,649	438,786
Packing Material Consumed	230	150
<b>Total</b>	<b>632,879</b>	<b>438,936</b>

**NOTE 25 – CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

	For the year ended 31 <sup>st</sup> March, 2016 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2015 Rs. in Lakhs
<b>Opening stock</b>		
Work-in-progress	3,712	3,913
Finished goods	13,887	10,349
	<b>17,599</b>	<b>14,262</b>
<b>Closing stock</b>		
Work-in-progress	6,287	3,712
Finished goods	22,576	13,887
	<b>28,863</b>	<b>17,599</b>
Excise Duty relating to change in inventories of finished goods	1,378	1,722
<b>Total</b>	<b>(9,886)</b>	<b>(1,615)</b>

**NOTE 26 – EMPLOYEE BENEFIT EXPENSE**

	For the year ended 31 <sup>st</sup> March, 2016 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Salaries and wages	27,704	15,238
Contribution to provident and other funds	686	645
Expense on Employee Stock option (ESOP) Scheme*	326	113
Staff welfare expenses	2,683	1,671
<b>Total</b>	<b>31,399</b>	<b>17,667</b>

\* represents reimbursement of cost to holding company, towards ESOP's granted by the Holding Company to the employees of the Company.

**NOTE 27 – FINANCE COSTS**

	For the year ended 31 <sup>st</sup> March, 2016 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Interest expense	8,753	6,882
Other borrowing costs	1,372	2,145
<b>Total</b>	<b>10,125</b>	<b>9,027</b>

Other borrowing costs includes provision for premium on redemption of debentures Rs.1,360 Lakhs (Previous period - Rs. 2,019 lakhs )

**NOTE 28 – OTHER EXPENSES**

	For the year ended 31 <sup>st</sup> March, 2016 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2015 Rs. in Lakhs
Consumption of stores and spare parts	5,136	3,682
Power and fuel	4,241	3,031
Rent	403	42
Repairs and maintenance -		
Buildings	209	152
Machinery	1,134	1,142
Others	1,333	878
	<b>2,676</b>	<b>2,172</b>
Insurance	1,364	285
Rates & Taxes (excluding taxes on income)	451	370
Net loss on foreign currency transaction and translation	306	-
Hire & service Charge	3,805	2,616
Payment to Auditors*		
– As Auditors	24	22
– For Limited Review fees	11	8
– For other services	-	-
	<b>35</b>	<b>30</b>
Loss on sale of fixed asset	6	15
Expenditure on Corporate Social Responsibility	660	629
Research & Development Expenses	7,199	-
Miscellaneous expenses	8,168	1,763
<b>Total</b>	<b>34,450</b>	<b>14,635</b>

\* Payment to Auditors excludes Rs.5 lakhs, (Previous year - Rs. 5 lakhs) towards taxation services paid to a firm, some of the partners whereof are also partners in the audit firm.

**NOTE 29 – DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:**
**(A) Defined Contribution Plan**

Amount recognized as an expense in the Statement of Profit and Loss/ Incidental expenditure during construction period pending allocation to tangible assets in respect of Defined Contribution Plans is Rs.684 lakhs (31st March,2015 - Rs.644 lakhs)

**(B) Defined Benefit Plan**

i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit & Loss.

ii) The Defined Benefit Plans comprise of Gratuity (included in Salaries & Wages)

Gratuity is a benefit to an employee based on a proportion of last drawn salary for each completed year of service.

Particulars	Amount Rs. In Lakhs	
	For the year ended on 31 <sup>st</sup> March, 2016	For the year ended on 31 <sup>st</sup> March, 2015
	<b>Gratuity (Unfunded)</b>	

**(C) Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :**

1. Present Value of Defined Benefit Obligation as on 1 <sup>st</sup> April	1,646	1,149
2. Adjustment on transfer of employees	-	-
3. Current Service cost	271	251
4. Interest cost	130	104
5. Losses/(gains) on Curtailment	-	-
6. Liabilities extinguished on settlements	-	-
7. Plan amendments	-	-
8. Actuarial (gains)/losses	(75)	186
9. Benefits paid	(41)	(44)
10. Present value of Defined Benefit Obligation as on Balance Sheet date.	1,931	1,646

**(D) Analysis of Defined Benefit Obligation:**

	For the year ended on 31 <sup>st</sup> March, 2016	For the year ended on 31 <sup>st</sup> March, 2015
1. Defined Benefit Obligation as at 31 <sup>st</sup> March	1,931	1,646
2. Fair Value of Plan assets at the end of the year	-	-
3. Net (Asset)/Liability recognized in the Balance Sheet as at 31 <sup>st</sup> March	1,931	1,646

**(E) Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :**

	For the year ended on 31 <sup>st</sup> March, 2016	For the year ended on 31 <sup>st</sup> March, 2015
1. Present value of Defined Benefit Obligation	1,931	1,646
2. Fair value of plan assets	-	-
3. Funded status [Surplus/(Deficit)]	(1,931)	(1,646)
4. Unrecognized Past Service Costs	-	-
5. Net asset/(Liability) recognized in Balance Sheet	(1,931)	(1,646)

(F) Components of employer expenses recognized in the statement of profit and loss for the year ended 31 <sup>st</sup> March	For the year ended on 31 <sup>st</sup> March, 2016	For the year ended on 31 <sup>st</sup> March, 2015
1. Current Service cost	271	251
2. Interest cost	130	104
3. Expected return on plan assets	-	-
4. Curtailment cost/(credit)	-	-
5. Settlement cost/(credit)	-	-
6. Past Service cost	-	-
7. Actuarial Losses/(Gains)	(75)	186
8. Total expense recognised in the Statement of Profit & Loss/Incidental Expense Capitalised	326	541

(G) Principal Actuarial Assumptions:

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
1. Discount Rate (%)	8.10%	8.00%
2. Expected Return on plan assets (%)	NA	NA
3. Salary Escalation (%)	8%/10%	8%/10%
4. Withdrawal Rate (%) (Others)	2%/7%	2%/7%
a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.		
b) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors		

(H) Experience Adjustments

	For the year ended on 31 <sup>st</sup> March, 2016	For the year ended on 31 <sup>st</sup> March, 2015	For the year ended on 31 <sup>st</sup> March, 2014	For the year ended on 31 <sup>st</sup> March, 2013	For the year ended on 31 <sup>st</sup> March, 2012
1. Defined Benefit Obligation at the end of the period	1,931	1,646	1,149	942	723
2. Plan Assets at the end of the period	-	-	-	-	-
3. Funded Status	(1,931)	(1,646)	(1,149)	(942)	(723)
4. Experience adjustments on plan liabilities (gains)/ losses	(54)	(3)	59	(7)	(6)
5. Experience adjustments on plan assets	-	-	-	-	-

NOTE 30 – RELATED PARTY DISCLOSURES:

A) Name of the related party and nature of relationship where control exists:

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Holding Company
Mahindra Two Wheelers Limited	Subsidiary (w.e.f. 18th Feb, 2016)
Mahindra Two Wheelers Europe Holding S.a.r.l *	Subsidiary (w.e.f. 18th Feb, 2016)
Peugot Motorcycles SAS *	Subsidiary (w.e.f. 18th Feb, 2016)
Peugot Motorcycles Deutschland GmbH *	Subsidiary (w.e.f. 18th Feb, 2016)
Peugot Motorcycles Italia S.p.A *	Subsidiary (w.e.f. 18th Feb, 2016)
Mahindra Intertrade Limited	Subsidiary (w.e.f. 30th Dec, 2015)

Name of Related Party	Nature of Relationship
Mahindra Steel Service Centre Limited *	Subsidiary (w.e.f. 30th Dec, 2015)
Mahindra MiddleEast Electrical Steel Service Centre FZC *	Subsidiary (w.e.f. 30th Dec, 2015)
Mahindra Electrical Steel Private Limited *	Subsidiary (w.e.f. 30th Dec, 2015)
Mahindra Auto Steel Private Limited *	Subsidiary (w.e.f. 30th Dec, 2015)
Mahindra Reva Electric Vehicles Private Limited	Subsidiary (w.e.f. 30th Dec, 2015)
Mahindra Heavy Engines Limited	Subsidiary (w.e.f. 9th Feb, 2016)

B) Other parties with whom transactions have taken place during the year:

Name of Related Party	Nature of Relationship
Mahindra Two Wheelers Limited	Fellow Subsidiary (upto 17th Feb, 2016)
Mahindra Intertrade Limited	Fellow Subsidiary (upto 29th Dec, 2015)
Mahindra Reva Electric Vehicles Private Limited	Fellow Subsidiary (upto 29th Dec, 2015)
Mahindra Heavy Engines Limited	Fellow Subsidiary (upto 8th Feb, 2016)
Mahindra Auto Steel Private Limited	Fellow Subsidiary (upto 29th Dec, 2015)
Mahindra Logistics Limited	Fellow Subsidiary
Mahindra Trucks and Buses Limited	Fellow Subsidiary
Mahindra Gears & Transmissions Private Limited	Fellow Subsidiary (Upto 10 <sup>th</sup> Dec, 2014)
Mahindra UGINE Steel Co. Limited	Fellow Subsidiary (upto 10 <sup>th</sup> Dec, 2014)
Mahindra Integrated Business Solutions Limited	Fellow Subsidiary
Ssangyong Motor Company, Korea	Fellow Subsidiary
Bristlecone India Limited	Fellow Subsidiary
Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited)	Fellow Subsidiary
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary
Mahindra First Choice Services	Fellow Subsidiary
Mahindra Defence Systems Limited	Fellow Subsidiary
Mahindra Graphic Research Design s.r.l.	Fellow Subsidiary
Lords Freight India Private Limited	Fellow Subsidiary
Mahindra North America Technical Centre, Inc.	Fellow Subsidiary
Gippsaero Pty Ltd.	Fellow Subsidiary
Mahindra Tractor Assembly Inc	Fellow Subsidiary
Mahindra CIE Automotive Limited	Associate (w.e.f. 30 <sup>th</sup> Dec, 2015)

C) Key Managerial Personnel:

Name of Key Managerial Personnel

Mr. Pakaj Sonalkar  
Mr. Dattatraya Nikam

\* Step down subsidiary

D) Related Party Transactions:

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs.in Lakhs)	Amount Outstanding at the end of year	
			Credit (Rs.In Lakhs)	Debit (Rs.in Lakhs)
Mahindra & Mahindra Limited	Purchase of Services	1,384	148,187 (23,955)	
		(69)		
	Purchase of Assets	126		
		(48)		
	Purchase of Material	80,940		
		(81,352)		
	Purchase of Investments	367,955		
		(-)		
	Reimbursements made to parties	1,011		
		(532)		
	Other Expenses	94		
		(71)		
	Deposit Received	2		
		(1)		
	Loan Taken	120,000		
		(-)		
Interest Expenses	2,364			
	(-)			
	Sale of goods	897,811		
		(614,100)		
	Sale of Asset	14		
		(-)		
	Sale of Services	26,894		
		(35)		
	Other Income	32		
		(32)		
Issue of Equity Shares	220,000		92,047	
	(-)		(31,383)	
Mahindra Reva Electric Vehicles Private Limited	Sale of goods	1		
		(9)		
	Reimbursements received from parties	8		
		(-)		
	Share Application Money Given	2,300		1
		(-)		(-)
Mahindra Two Wheeler Limited	Inter Corporate Deposit refunded	-		
		(2,500)		
	Interest Received on Inter Corporate Deposit	-		
		(68)	-	(-)
	Investment in Equity	16,400		
		(-)		
Mahindra Intertrade Limited	Purchase of Material	13,074	301	
		(10,689)	(274)	
Mahindra Auto Steel Private Limited	Purchase of Material	3,127	81	
		(-)	(-)	
Mahindra Ugine Steel Co. Limited	Purchase of Material	-	-	
		(2,828)	(-)	
Mahindra Graphic Research Design s.r.l.	Purchase of Services	1,617	-	
		(-)	(-)	
Mahindra CIE Automotive Limited	Purchase of Material	313	100	
		(-)	(-)	
Mahindra Logistics Limited	Purchase of Services	5,655	598	
		(4,649)	(546)	

MAHINDRA VEHICLE MANUFACTURERS LIMITED

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs.in Lakhs)	Amount Outstanding at the end of year	
			Credit (Rs.In Lakhs)	Debit (Rs.in Lakhs)
Mahindra Heavy Engine Limited	Purchase of Material	39,430		
		(10,778)		
	Reimbursements made to parties	173	8,514	
		(1)	(1,280)	
	Sale of Material	2		
		(-)		
Mahindra Trucks and Buses Limited	Sale of goods	342		63
		(310)		(49)
Mahindra Gears & Transmissions Private Limited	Purchase of Material	-	-	
		(172)	(-)	
Mahindra Integrated Business Solutions Limited	Purchase of Services	134	8	
		(105)	(5)	
Ssangyong Motor Company, Korea	Purchase of Material	1,868		
		(8,005)		
	Purchase of Services	-	6	
		(1)	(335)	
	Royalty Paid	2		
		(25)		
Bristlecone India Limited	Purchase of Services	7	-	
		(14)	(*)	
Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited)	Purchase of Asset	195	160	
		(-)	(2)	
Mahindra & Mahindra Financial Services Limited	Other Income	26		23
		(-)		(-)
Mahindra First Choice Services	Purchase of Service	*	-	
		(-)	(-)	
Mahindra Defence Systems Limited	Purchase of Services	2	-	
		(-)	(-)	
Lords Freight India Private Limited	Purchase of Services	241	6	
		(-)	(-)	
Mahindra North America Technical Centre, Inc.	Purchase of Business	1,812		
		(-)	834	
	Reimbursements made to parties	1,275	(-)	
		(-)		
Gippsaero Pty Ltd.	Reimbursements received from parties	7		7
		(-)		(-)
Mahindra Tractor Assembly Inc	Purchase of Services	21	-	
		(-)	(-)	
Mr. Vijay Dhongde (Upto 31st March 2015)	Remuneration			
Mr. Pankaj Sonalkar (w.e.f. 1st April, 2015)	Remuneration			
Mr. Mahendra Bhalerao (Upto 31st October 2014)	Remuneration	164	-	
Mr. Dattaraya Nikam (w.e.f 1st November 2014)	Remuneration	(88)	(-)	

**Note:-** Figures in brackets are in respect of the corresponding previous year.

\* Amount less than Rs. 1 lakh



**NOTE 31 – THE TOTAL OF FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE:**

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rs.in Lakhs	Rs.in Lakhs
(i) Not later than one year	357	–
(ii) Later than one year and not later than five years.	349	–
(iii) Later than five years	–	–
<b>Total</b>	<b>706</b>	<b>–</b>

- a) Lease payments recognised in the statement of profit and loss for the year Rs.403 lakhs (31<sup>st</sup> March, 2015 Rs.42 lakhs)
- b) The lease agreements are for premises taken on lease for guest house and training centres.

**NOTE 32 – ASSETS GIVEN ON OPERATING LEASE:**

General description of significant lease arrangement :-

The company has entered into cancellable operating lease arrangement for building and sub-lease of land.

Particulars	Sub Lease – Land		Building	
	For the year ended on 31 <sup>st</sup> March, 2016	For the year ended on 31 <sup>st</sup> March, 2015	For the year ended on 31 <sup>st</sup> March, 2016	For the year ended on 31 <sup>st</sup> March, 2015
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
(i) Gross Block	1,273	1,269	2,176	2,115
(ii) Accumulated Depreciation/ Amortisation	91	78	423	330
(iii) Depreciation/ Amortisation in the year	13	13	93	92

**NOTE 33 – EARNING PER SHARE**

Particulars	For the year ended on 31 <sup>st</sup> March, 2016	For the year ended on 31 <sup>st</sup> March, 2015
(A) Profit for the year (Rs. In Lakhs)	27,852	15,303
(B) Weighted Average Number of Equity Shares for Basic & Diluted EPS	1,202,140,710	962,250,000
(C) Basic & Diluted EPS in (Rs. In Lakhs) (Face value of Rs.10 per share)	2.32	1.59

Any option of conversion of borrowings to equity on terms to be mutually agreed at a later date have not been considered in the calculation of diluted earnings per share

**NOTE 34 – VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED:**

Particulars	For the year ended 31 <sup>st</sup> March, 2016		For the year ended 31 <sup>st</sup> March, 2015	
	Value	Percentage	Value	Percentage
	(Rs. in lakhs)	(%)	(Rs. in lakhs)	(%)
Imported	28,099	4%	24,833	6%
Indigenously obtained	604,549	96%	413,953	94%
<b>Total</b>	<b>632,649</b>	<b>100%</b>	<b>438,786</b>	<b>100%</b>

Note: In giving the above information, the company has taken the view that spares and components as referred to in Clause 5(viii)(c) of Part II of Schedule III covers only such items as go directly into production.

**NOTE 35 – CIF VALUE OF IMPORTS**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Raw materials	31,686	20,851
Capital Goods	1,047	173
<b>Total</b>	<b>32,732</b>	<b>21,024</b>

**NOTE 36 (i) – DETAILS OF RAW MATERIAL CONSUMPTION AND RAW MATERIAL STOCK:**

Particulars	Raw Materials Consumed		Raw Materials Stock	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)
Steel	17,538	11,227	715	324
Paint	5,216	3,484	335	238
Tyres & Tubes	23,889	16,950	1,095	1,092
Engine	84,625	67,953	2,839	2,316
Others	501,381	339,172	29,210	15,152
<b>Total</b>	<b>632,649</b>	<b>438,786</b>	<b>34,194</b>	<b>19,122</b>

- (a) The consumption has been arrived at by adding to the opening stocks, the purchases during the year, and deducting therefrom the closing stocks and therefore includes the excesses/shortages on physical count, write off of obsolete items etc.

**NOTE 36 (ii) – DETAILS OF WORK IN PROGRESS STOCK:**

Particulars	WIP Opening Stock		WIP Closing Stock	
	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)
Vehicles WIP	1,326	1,411	3,009	1,326
Other Components and aggregates	2,386	2,502	3,277	2,386
<b>Total</b>	<b>3,712</b>	<b>3,913</b>	<b>6,287</b>	<b>3,712</b>

**NOTE 36 (iii) – DETAILS OF SALES AND FINISHED GOODS STOCK:**

Particulars	Finished Goods Opening Stock		Finished Goods Closing Stock		Sales (Net)	
	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)
Motor Vehicle	11,752	8,269	20,300	11,752	590,734	416,169
Heavy motor vehicles	2,021	1,898	1,880	2,021	102,346	62,352
Construction Equipments	114	183	396	114	10,462	8,227
Accessories & Components*					9,319	6,559
<b>Total</b>	<b>13,887</b>	<b>10,349</b>	<b>22,576</b>	<b>13,887</b>	<b>712,860</b>	<b>493,307</b>

\* Accessories & Components are not earmarked for sale as such. The company considers a component as 'meant for sale' only when it is actually sold and hence no stock is indicated.

**NOTE 37 – COMMITMENTS:**

Estimated amount of contracts remaining to be executed on capital account for tangible assets and not provided for Rs.8,045 lakhs (31<sup>st</sup> March 2015 - Rs.46,478 lakhs).

**NOTE 38 – (A) DETAILS OF DERIVATIVE INSTRUMENTS (FOR HEDGING)**

Particulars	Amount in foreign currency (USD in lakhs)		Equivalent amount (Rs. in lakhs)		Purpose
	Current Year	Previous Year	Current Year	Previous Year	
	Forward cover	0	67	0	

In addition, the company had an interest rate swap converting the floating interest rate in foreign currency to fixed rate in Indian Rupees till the previous year, in respect of Bank Loan of Rs. Nil (31<sup>st</sup> March, 2015 - Rs. 3,268 lakhs)

**(B) DETAILS OF FOREIGN CURRENCY EXPOSURES THAT ARE NOT HEDGED BY A DERIVATIVE INSTRUMENT OR OTHERWISE:**

Particulars	Amount in foreign currency (in lakhs)		Equivalent amount (Rs. in lakhs)		
	Currency	Current Year	Previous Year	Current Year	Previous Year
	Trade Payables	USD	14	5	987
	KRW	275	6,098	16	342
	EURO	2	4	186	258
	GBP	*	*	1	4
	JPY	68	14	41	7
Trade Receivables	USD	25	-	1,601	-

\* denotes amount less than 1 Lakhs

**NOTE 39 – DISCLOSURE RELATING TO MICRO SMALL & MEDIUM ENTERPRISE (MSME)**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 (Rs. in Lakhs)	For the year ended 31 <sup>st</sup> March, 2015 (Rs. in Lakhs)
(i) Principal amount payable to MSME as at March 2016	2,045	454
(ii) Dues remaining unpaid as at 31 <sup>st</sup> March		
Principal	30	11
Interest on the above	*	1

Particulars	For the year ended 31 <sup>st</sup> March, 2016 (Rs. in Lakhs)	For the year ended 31 <sup>st</sup> March, 2015 (Rs. in Lakhs)
(iii) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
Principal paid beyond the appointed date	8,350	2,978
Interest paid in terms of Section 16 of the Act	25	38
(iv) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	74	24
(v) Amount of interest accrued and remaining unpaid as at 31 <sup>st</sup> March	74	25
(vi) The amount of estimated interest due and payable for the period from 1 <sup>st</sup> April, 2016 to the actual date of payment or 28 <sup>th</sup> April, 2016 (Previous year 1 <sup>st</sup> April 2015 to actual date of payment or 28 <sup>th</sup> April, 2015) [whichever is earlier]	-	*

\* denotes amount less than Rs 1 lakh

**NOTE 40**

The Board of Directors of the Company at its meeting held on 4<sup>th</sup> March, 2015 approved to acquire the entire business (excluding certain assets and liabilities) of Mahindra North American Technical Centre, Inc. (MNATC) for a consideration of USD 2.907 MN based on an independent valuer's report w.e.f. 1<sup>st</sup> April, 2015. The company has accounted for the acquired assets and assumed liabilities at their book values on that date and the excess of consideration paid, over the net of assets acquired and liabilities assumed, aggregating to USD 0.096 MN (Rs.60.13 Lakhs) has been accounted as Goodwill.

**NOTE 41 – EXPENDITURE IN FOREIGN CURRENCY:**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 (Rs. in Lakhs)	For the year ended 31 <sup>st</sup> March, 2015 (Rs. in Lakhs)
Travelling Expenses	179	64
Professional Fees	5,577	1
Development Expenditure	295	-
Royalty	2	25
Research & Development Expenses	7,242	-
Other	12,277	-
<b>Total</b>	<b>25,572</b>	<b>90</b>

Note : Expenditure in Foreign currency includes expenses of US Branch

**NOTE 42 – Earnings in Foreign Exchange:**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 (Rs. in Lakhs)	For the year ended 31 <sup>st</sup> March, 2015 (Rs. in Lakhs)
Income from Services *	26,885	-

\* Represents the Income of US Branch

**NOTE 43 – DEPRECIATION:**

During the previous year pursuant to notification of schedule II of Companies Act 2013 w.e.f. 1<sup>st</sup> April 2014, the company has revised the estimated useful life of certain assets to align useful life with those specified in schedule II except in case of certain Buildings, Plant and Machinery, Furniture and Fixtures, Office Equipments and Vehicles in which case the useful life is taken lower/higher as the case may be, determined based on a technical evaluation and estimation of life by the Company.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of

residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs.137 Lakhs (net of deferred tax of Rs.71 lakhs) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the previous year is higher by Rs.1,248 Lakhs consequent to the change in the useful life of the assets.

**NOTE 44**

As the Company's business activity falls within a primary business segment and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", are not applicable.

**NOTE 45 – CONTINGENT LIABILITY:**

(a) Claims against the Company not acknowledged as debts comprise of Excise duty : Rs.942 lakhs (31st March, 2015 Rs.Nil)

**NOTE 46 – Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard-29):**

Particulars	Provision for Premium on redemption of debentures	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Carrying Amount at the beginning of the year	4,254	4,204
Additional Provision made during the year	1,362	2,020
Amounts Used during the year	2,768	1,970
Unused amounts reversed during the year	–	–
Carrying Amounts at the end of the year	2,848	4,254

**Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits:**

Premium on redemption of debentures is provided over the period of the debenture and would be settled at the time of redemption.

**NOTE 47 –**

Previous year figures have been regrouped/ recasted wherever necessary to correspond with the current years classification/ disclosure.

**For and on behalf of the Board**

<b>Pankaj Sonalkar</b>	CEO
<b>Dattatraya Nikam</b>	CFO
<b>Jignesh Parikh</b>	Company Secretary

**Dr. Pawan Kumar Goenka**

**P. N. Shah**

**S. Durgashankar**

**Smita Mankad**

**Rahul Asthana**

}  
Director

Date: April 27<sup>th</sup>, 2016

Place: Mumbai

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their ninth Report along with the Audited Financial Statements of your Company for Financial Year ended 31<sup>st</sup> March, 2016.

### Financial Highlights and State of Company's Affairs

Particulars	(Rupees in lakhs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Income	<b>38,898.36</b>	15,953.56
Profit/(Loss) before Interest and Depreciation	<b>1,990.29</b>	(1,404.26)
Less: Interest	<b>1,466.39</b>	1,357.60
Depreciation	<b>2,671.29</b>	2,581.48
Profit/(Loss) before exceptional item	<b>(2,147.39)</b>	(5,343.33)
Exceptional Item - Profit on Sale of Fixed asset (Net)	-	1.89
Profit/(Loss) for the year	<b>(2,147.39)</b>	(5,341.44)
Balance of Profit/(Loss)	<b>(30,986.26)</b>	(25,614.62)
Less: Transitional depreciation adjustment to reserves	-	(30.20)
Balance carried forward	<b>(33,133.65)</b>	(30,986.26)
Net Worth	<b>21,684.15</b>	19222.53

No material changes and commitments have occurred after the closure of the Financial Year 2015-2016 till the date of this Report, which would affect the financial position of the Company.

### Operations

The year under review was the fifth year of full-fledged commercial operations for your Company. "On-Highway" & "Off-highway" volumes increased/(decreased) by 73.8% and (0.3)% respectively, import content for the current year stood at 5% against 4% in the previous year, which along with other cost reduction programs helped the Company to maintain the costs close to targeted level. Cost control initiatives rolled out by the Company helped inculcate a frugal mindset across the organization, resulting in savings in fixed costs. The Company continued its focus on lean management and has endeavored to utilize its assets better. The Company enjoyed healthy industrial relations and continued its efforts to develop its manpower.

### Conversion of Company

During the year under review, the status of the Company has been converted from 'Private Company' to 'Public Company' pursuant to the resolution passed at an Extra-ordinary General Meeting of the Company held on 11<sup>th</sup> December, 2015 and consequent receipt of fresh certificate of incorporation from Registrar of Companies dated 14<sup>th</sup> December, 2015.

### Transfer of Shares

During the year under review, the entire Shareholding of your Company held by Mahindra & Mahindra Limited was transferred to Mahindra Vehicle Manufacturers Limited on 9<sup>th</sup> February, 2016. Consequent to the same, your Company became a wholly owned subsidiary of Mahindra Vehicle Manufacturers Limited.

### Dividend

Your Directors do not recommend any dividend for the year under review.

### Share Capital

During the year under review, the authorised share capital of your Company was increased from Rs.535,00,00,000 (Rupees Five Hundred Thirty Five Crores) to Rs.700,00,00,000 (Rupees Seven Hundred Crores).

During the year under review, your Company allotted 4,04,00,000 equity shares of Rs.10 each on Rights basis on 19<sup>th</sup> August, 2015 and pursuant to the same the issued, subscribed and paid up capital of your Company stood increased to Rs.548,40,00,000 (Rupees Five Hundred Forty Eight Crores Forty Lakhs) as at the last date of the year under review.

### Board of Directors

During the year under review Mr. Pankaj Sonalkar (DIN: 02685465) resigned as Director of the Company with effect from the Board Meeting held on 24<sup>th</sup> July, 2015 and Mr. S. Durgashankar (DIN: 00044713) resigned as a Director of the Company with effect from 31<sup>st</sup> March, 2016. The Board placed on record the sincere appreciation for services rendered by them during their tenure as Directors of the Company.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee had appointed Mr. Vijay Kalra (DIN: 07217974) as a Director with effect from 24<sup>th</sup> July, 2015.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee and subject to approval of the Members to be obtained at the ensuing Annual General Meeting of the Company, had appointed Mr. Nikhil Sohoni (DIN: 06852639) as an additional Director vide circular resolution passed on 17<sup>th</sup> April, 2016. Mr. Sohoni holds office up to the date of the forthcoming Annual General Meeting. The Company has received a notice from a member, signifying its intention to propose Mr. Sohoni as candidate for the office of director at the forthcoming Annual General Meeting.

Mr. Nalin Mehta (DIN 02272736) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The Company has received declarations from Mr. Shrikant Marathe (DIN: 05243645) and Ms. Neera Saggi (DIN: 00501029), Independent Directors, to the effect that they meet the criteria of independence as provided in Section 149(6) of Companies Act, 2013.

### Evaluation of performance

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

### Board Meetings and Annual General Meeting

Your Board of Directors met 4 times during the year under review on 24<sup>th</sup> April, 2015, 24<sup>th</sup> July, 2015, 21<sup>st</sup> October, 2015 and 22<sup>nd</sup> January, 2016. The 8<sup>th</sup> Annual General Meeting (AGM) of the Company was held on 24<sup>th</sup> August, 2015.

The attendance at the meetings of the Board was as under:-

Name of Directors	Directors' Identification Number	Category	No. of meetings attended out of 4 meetings
Mr. Rajan Wadhwa (Chairman)	00416429	Non – Executive Non – Independent	4
Mr. S. Durgashankar*	00044713	Non – Executive Non – Independent	3
Mr. Bharat Moossadde	02166403	Non – Executive Non – Independent	3
Mr. Nalin Mehta	02272736	Non – Executive Non – Independent	4
Mr. Shrikant Marathe	05243645	Independent Director	4
Ms. Neera Saggi	00501029	Independent Director	4
Mr. Pankaj Sonalkar <sup>®</sup>	02685465	Non – Executive Non – Independent	1
Mr. Vijay Kalra <sup>§</sup>	07217974	Non – Executive Non – Independent	3
Mr. Nikhil Sohoni <sup>^</sup>	06852639	Non – Executive Non – Independent	0

\* resigned with effect from 31<sup>st</sup> March, 2016.

<sup>®</sup> resigned as Managing Director and as a Director with effect from 24<sup>th</sup> April, 2015 and 24<sup>th</sup> July, 2015, respectively. Two meetings were held during his tenure.

<sup>§</sup> appointed with effect from 24<sup>th</sup> July, 2015. Three meetings were held during his tenure.

<sup>^</sup> appointed as additional director with effect from 17<sup>th</sup> April, 2016. No meetings were held during his tenure.

### Meeting of Independent Directors

The Independent Directors of the Company met on 21<sup>st</sup> October, 2015 before the Board Meeting without the presence of the Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representations received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been 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;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Key Managerial Personnel

The following have been designated as the Key Managerial Personnel of the Company pursuant to sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- a) Mr. Pankaj Sonalkar – Managing Director (resigned as Managing Director w.e.f. 24<sup>th</sup> April, 2015)
- b) Mr. Balavijayan Nagarajan – Chief Executive Officer (appointed w.e.f. 24<sup>th</sup> April, 2015)
- c) Mr. Saiganesh Iyer - Chief Financial Officer
- d) Mr. Kiran N. Bade - Company Secretary

### Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the

fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members affirming compliance with Code of Conduct for Directors and Senior Management Employees.

#### Committees of the Board:

##### Audit Committee

The Audit Committee comprises of the following Directors viz. Ms. Neera Saggi – Chairperson, Mr. Shrikant Marathe, Mr. Nikhil Sohoni. This Committee was reconstituted by the Board of Directors vide circular resolution passed on 17<sup>th</sup> April, 2016, pursuant to the resignation of Mr. S. Durgashankar and appointment of Mr. Nikhil Sohoni on the Board of the Company. Except for Mr. Nikhil Sohoni, all the Members are Independent Directors. All the Members of the Committee possess strong accounting and financial management knowledge. The Company Secretary of the Company is the Secretary of the Committee. All the recommendations of the Audit Committee were accepted by the Board.

The Committee met three times during the year on 24<sup>th</sup> April, 2015, 21<sup>st</sup> October, 2015 and 22<sup>nd</sup> January, 2016.

The attendance at the meetings of the Audit Committee was as under:-

Name of Directors	Category	No. of meetings attended out of 3 meetings
Mr. S. Durgashankar* (Chairman upto 31 <sup>st</sup> March, 2016)	Non – Executive Non- Independent	2
Ms. Neera Saggi (Chairperson w.e.f. 17 <sup>th</sup> April, 2016)	Independent Director	3
Mr. Shrikant Marathe	Independent Director	3
Mr. Nikhil Sohoni ^	Non – Executive Non- Independent	0

\* Resigned with effect from 31<sup>st</sup> March, 2016.

^ Appointed with effect from 17<sup>th</sup> April, 2016.No meetings were held during his tenure

##### Vigil Mechanism

The Vigil Mechanism as envisaged under Section 177 of the Companies Act, 2013 and the Rules prescribed thereunder is implemented by the your Company to enable the Directors and employees of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

##### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Directors viz., Mr. Shrikant Marathe (Chairman of the Committee), Mr. Rajan Wadhera and Ms. Neera Saggi. The Committee was reconstituted by the Board on 26<sup>th</sup> April, 2016 pursuant to the resignation of Mr. S. Durgashankar. Except

for Mr. Rajan Wadhera, all the Members are Independent Directors. All the Members of the Committee are Non-Executive Directors. The Company Secretary of the Company is the Secretary of the Committee.

The Committee met three times during the year under review on 24<sup>th</sup> April, 2015, 24<sup>th</sup> July, 2015 and 21<sup>st</sup> October, 2015.

The attendance at the meetings of the Nomination and Remuneration Committee was as under:-

Name of Directors	Category	No. of meetings attended out of 3 meetings
Mr. S. Durgashankar* (Chairman upto 31 <sup>st</sup> March, 2016)	Non – Executive Non - Independent	2
Mr. Rajan Wadhera	Non – Executive Non - Independent	3
Ms. Neera Saggi	Independent Director	3
Mr. Shrikant Marathe (Chairman w.e.f. 26 <sup>th</sup> April, 2016)	Independent Director	3

\* Resigned with effect from 31<sup>st</sup> March, 2016.

##### Auditors:

##### Statutory Auditors and Auditors' Report

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) were re -appointed as the statutory auditors of the Company to hold office from the conclusion of the ninth Annual General Meeting until the conclusion of tenth Annual General Meeting, subject to the approval of Shareholders at the forthcoming Annual General Meeting.

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs. Deloitte Haskins & Sells, Chartered Accountants, to their appointment and a certificate to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The members are requested to re-appoint statutory auditors of the Company as aforesaid and fix their remuneration. The Auditors' Report does not contain any qualification, reservation or adverse remark.

##### Secretarial Auditors and Auditors' Report

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. M. Siroya and Company, Company Secretaries (Certificate of Practice No. 4157) to undertake the Secretarial Audit of the Company.

In terms of provisions of sub section 1 of section 204 of Companies Act, 2013, the Company has annexed to this Board Report as **Annexure I**, a Secretarial Audit Report given by the Secretarial Auditors. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **Cost Auditors**

The Board had appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration Number: 000030), as Cost Auditor for conducting the audit of cost records of the Company for the Financial Year 2015-16.

The Board of Directors on the recommendation of the Audit Committee, appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2016-17 under section 148 of the Companies Act, 2013. Messrs. Dhananjay V. Joshi & Associates, have confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) and proviso to section 148(3) read with section 141(4) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Messrs. Dhananjay V. Joshi & Associates, Cost Auditors is included in the Notice convening the Annual General Meeting.

### **Reporting of frauds by Auditors**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013.

### **Policy for Remuneration of Directors, Key Managerial Personnel and other Employees and Criteria for appointment/removal of Directors and Senior Management Personnel**

In line with the principles of transparency and consistency, your Company has adopted the following Policies which, inter alia, include criteria for determining qualifications, positive attributes and independence of a Director.

- a) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management.
- b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

The Policies mentioned at 'a' and 'b' above are attached as **Annexure II-A** and **II-B** respectively and form part of this Report.

### **Risk Management Policy**

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as

required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as **Annexure III** to this Report.

### **Disclosure of Particulars of Employees as required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Being unlisted company, provisions of Rule 5 of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

### **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 and Deposit under Chapter V of the Companies Act, 2013**

Your Company has neither given any loan, guarantee or provided any security in connection with a loan nor made any investment pursuant to section 186 of the Companies Act, 2013 during the year under review.

Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent Company, Mahindra and Mahindra Limited.

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of chapter V of the Companies Act, 2013.

### **Internal Financial Controls**

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operations were observed.

### **Contracts or Arrangements with Related Parties**

All Related Party Transactions entered during the year were in the ordinary course of business and on Arm's Length basis. The particulars of the Material Related Party Transactions referred to under section 188(1) of the Companies Act, 2013 are given in the prescribed form AOC – 2 as **Annexure IV** and the same forms part of this Report.

### **Extract of Annual Return**

Pursuant to section 134 (3)(a) and section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2016 in Form No. MGT 9 is attached herewith as **Annexure V** and forms part of this report.

### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**General**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3) (c) of the Companies Act, 2013).

**Acknowledgements**

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

**Rajan Wadhera**  
Chairman  
(DIN: 00416429)

Place: Mumbai  
Date: April 26, 2016



## ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,

#### **Mahindra Heavy Engines Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Heavy Engines Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 1956 (the Old Act) and the rules made thereunder, as may be applicable;
- (ii) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable; and
- (iii) Based on the representation made by the Company and its officers and verification of the relevant records, the Company has proper system and process in place for compliance under the other applicable Laws, Acts, Rules, Regulations and Guidelines. Major heads/groups of Acts, laws, Rules, Regulations, Guidelines and Standards as applicable to the Company are given below:
  - (i) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
  - (ii) Acts as prescribed under Direct Tax and Indirect Tax;
  - (iii) Acts prescribed under prevention and control of pollution;
  - (iv) Acts prescribed under environmental protection;
  - (v) Land Revenue laws of Maharashtra State;

- (vi) Labour Welfare Act of Maharashtra State; and
- (vii) Local laws as applicable to the factory and office of the Company.

- (iv) As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

We have also examined the compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India, w.e.f July 1, 2015; and
- ii. The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

During the period under review the Company has complied with the provisions of the Act, Old Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the company has undertaken following significant & material corporate events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

1. On 24th April, 2015 the Board approved the following:
  - a. Cancellation of Right Issue of Equity Shares amounting to Rs. 13 crores due to non-subscription.
  - b. Change in Designation of Mr. Pankaj Sonalkar from Managing Director to Director.
  - c. Appointment of Mr. Balavijayan Nagarajan as Chief Executive Officer of the Company.

2. On 24<sup>th</sup> July, 2015 the Board approved the issue/Offer of 730 Lac Equity Shares of Rs. 10/- each for cash at par on Right Basis to M/s. Mahindra & Mahindra Limited.
3. On 24<sup>th</sup> July, 2015, the members at their Extra-ordinary general meeting approved the following:
  - a. Increase in Authorise Share Capital of the Company from Rs. 535 crores to Rs. 730 crores.
  - b. Alteration in Memorandum of Association of the Company with respect to increase in Authorised Share Capital of the Company.
4. On 19<sup>th</sup> August, 2015 the Board of Directors allotted 404 Lacs Equity Shares of Rs. 10/- each on Right basis to M/s. Mahindra and Mahindra Limited for cash at par.
5. On 21<sup>st</sup> October, 2015 the Board of Directors allotted 170 Lacs Equity Shares of Rs. 10/- each on Right basis to M/s. Mahindra and Mahindra Limited for cash at par.
6. On 11<sup>th</sup> December, 2015, the members at their Extra-ordinary general meeting approved the conversion of the Company

from Private Limited Company to Public Limited Company and also accorded consent to alter the existing set of Articles of Association by adopting a new set of Articles of Association which is applicable for a Public Company.

**For M Siroya and Company  
Company Secretaries**

**Mukesh Siroya**

Proprietor  
FCS No.: 5682  
CP No.: 4157

Date: April 26, 2016

Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

**‘Annexure A’**

To,

The Members,

**Mahindra Heavy Engines Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For M Siroya and Company**

Company Secretaries

**Mukesh Siroya**

Proprietor

FCS No.: 5682

CP No.: 4157

Date: April 26, 2016

Place: Mumbai

## ANNEXURE II-A TO THE DIRECTORS' REPORT

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Heavy Engines Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

#### II. SUCCESSION PLANNING:

##### Purpose:

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

##### Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

##### Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years

4. Ready in 2 to 5 years
  5. Ready in more than 5 years
- in order to ensure talent readiness as per a ladder approach.

#### Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

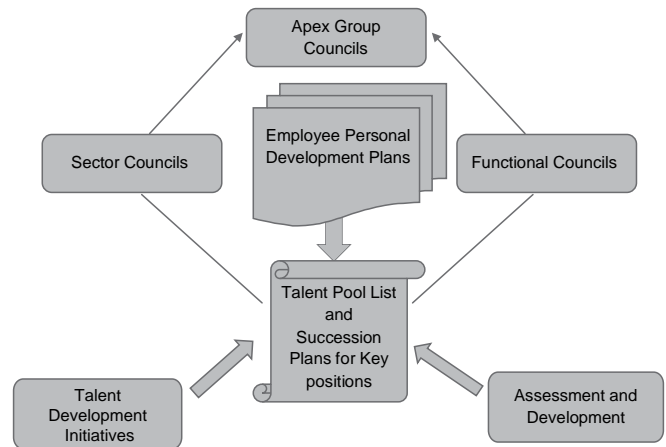
The framework lays down an architecture and processes to address these questions using the 3E approach:

- a) Experience i.e. both long and short-term assignments. This has 70% weightage
- b) Exposure i.e. coaching and mentoring – 20% weightage
- c) Education i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts

with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

**Rajan Wadhera**  
Chairman  
(DIN: 00416429)

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016

## ANNEXURE II-B TO THE DIRECTORS' REPORT

### **POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

#### **Purpose**

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Heavy Engines Ltd. (formerly known as Mahindra Heavy Engines Private Ltd.)

#### **Policy Statement**

We have a well-defined Compensation policy which is in line with our ultimate parent company Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### **NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### **Executive Directors:**

The remuneration to Chairman, Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

#### **Key Managerial Personnel (KMPs)**

The terms of remuneration of Chief Financial Officer (CFO) and Company Secretary (CS) & other Key Management personnel, if any, shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive

position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### **Employees**

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the board

**Rajan Wadhwa**  
Chairman  
(DIN: 00416429)

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016

## ANNEXURE III TO THE DIRECTORS' REPORT

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

#### A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy:

- All air lines auto ON/OFF valves provision is made to eliminate air leakage losses.
- Optimisation of Air Conditioner usage by pull cord provision for ON/OFF control.
- Test bed utility power reduction by introduction of VFD in cooling tower circuit.
- Optimisation of energy by using drives for high HP motors.

(b) The steps taken by the company for utilizing alternate sources of energy:

- Set up of solar power plant. (Opex type)
- Installation of burners in washing machine tanks.

(c) The capital investment on energy conservation equipments: NIL

#### B. TECHNOLOGY ABSORPTION

- i) The efforts made towards technology absorption - Local market needs transformed in engineering technology
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution: It is ongoing process toward product cost reduction.
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable
  - (a) The details of technology imported: None
  - (b) The year of import: Not Applicable
  - (c) Whether the technology been fully absorbed: Not Applicable.
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable
- iv) The expenditure incurred on Research and Development : NIL

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (*in terms of actual inflow and outflow*)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31 <sup>st</sup> March, 2016	For the Financial Year Ended 31 <sup>st</sup> March, 2015
Total Foreign Exchange Earned	474.68	1,322.68
Total Foreign Exchange Used	3,898.83	2,549.17

For and on behalf of the Board

**Rajan Wadhera**  
Chairman  
(DIN: 00416429)

Mumbai, April 26, 2016

## ANNEXURE IV TO THE DIRECTORS' REPORT

### FORM NO. AOC-2

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL
2. Details of material contracts or arrangements or transactions at Arm's length basis: #

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Limited –Ultimate Holding Company
b)	Nature of contracts/arrangements/transactions	Sale, Purchase and supply of goods and materials
c)	Duration of the contracts/arrangements/transactions	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sales of engines and spares- Rs. 5,658.05 Lakhs
e)	Date of approval by the Board, if any	Not Applicable
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Vehicle Manufacturers Limited–Holding Company
b)	Nature of contracts/arrangements/transactions	Sale, Purchase and supply of goods and materials
c)	Duration of the contracts/arrangements/transactions	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sales of engines and spares- Rs. 39,430.27 Lakhs
e)	Date of approval by the Board, if any	Not Applicable
f)	Amount paid as advances, if any	Nil

# Pursuant to notification dated 14<sup>th</sup> August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R.590(E)).

For and on behalf of the Board

**Rajan Wadhera**  
Chairman  
(DIN: 00416429)

Mumbai, April 26, 2016



## ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT. 9

Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

1.	<b>CIN</b>	U35914MH2007PLC169753
2.	<b>Registration Date</b>	9 <sup>th</sup> April 2007
3.	<b>Name of the Company</b>	Mahindra Heavy Engines Limited
4.	<b>Category/Sub-Category of the Company</b>	Public Limited Company
5.	<b>Address of Registered office and contact details</b>	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905828
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Sharepro Services India Private Limited 13 AB Samhita Warehousing Complex, 2nd Floor, Telephone Exchange Lane Off Kurla Road, Sakinaka, Andhri (E), Sakinaka, Andheri East, Mumbai, Maharashtra 400072 Phone:022 6772 0300

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Internal Combustion Engines	2911	96.74%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	MAHINDRA & MAHINDRA LIMITED Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
2.	MAHINDRA VEHICLE MANUFACTURERS LIMITED Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905828	U34100MH2007PLC171151	Holding Company	100%	2(46)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

#### i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corporate	–	50,80,00,000	50,80,00,000	100%	54,83,99,994	6	54,84,00,000	100%	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total A(1)	–	50,80,00,000	50,80,00,000	100%	54,83,99,994	6	54,84,00,000	100%	–

MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Foreign</b>									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub-Total A (2)	-	-	-	-	-	-	-	-	-
<b>Total Share Holding of Promoters (A)=(A)(1) + (A)(2)</b>	-	50,80,00,000	50,80,00,000	100%	54,83,99,994	6	54,84,00,000	100%	-
<b>B. Public Shareholding</b>									
<b>1. Institution</b>	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i. Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total B (1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institution</b>	-	-	-	-	-	-	-	-	-
a. Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total B (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	50,80,00,000	50,80,00,000	100%	54,83,99,994	6	54,84,00,000	100%	-

**ii. Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	MAHINDRA & MAHINDRA LIMITED	50,79,99,999	100%	–	0	–	–	(100%)
2	MAHINDRA & MAHINDRA LIMITED jointly with Mr. Narayan Shankar*	1	–	–	0	–	–	–
3	MAHINDRA VEHICLE MANUFACTURERS LIMITED	0	–	–	54,83,99,994	100%	–	100%
4	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Narayan Shankar*	0	–	–	1	–	–	–
5	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Rajan Wadhera*	0	–	–	1	–	–	–
6	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Bharat Moossadde*	0	–	–	1	–	–	–
7	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Nalin Mehta*	0	–	–	1	–	–	–
8	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. S. Durgashankar*	0	–	–	1	–	–	–
9	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. V. S. Parthasarathy*	0	–	–	1	–	–	–
	<b>Total</b>	<b>50,80,00,000</b>	<b>100%</b>	<b>–</b>	<b>54,84,00,000</b>	<b>100%</b>	<b>–</b>	<b>–</b>

\* Jointly held for the purpose of compliance with statutory provisions of Companies Act with regard to minimum number of members.

**iii. Change in Promoters' Shareholding**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Mahindra &amp; Mahindra Limited</b>				
	At the beginning of the year	50,79,99,999	100%	–	–
	Increase :- On 19 <sup>th</sup> August, 2015 allotment of further Shares	4,04,00,000	–	54,83,99,999	100%
	Decrease :- On 10 <sup>th</sup> December, 2015 transfer of shares to Mahindra & Mahindra Limited jointly with Mr. V.S. Parthasarathy		(1)	54,83,99,998	100%

MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Decrease :- On 10 <sup>th</sup> December, 2015 transfer of shares to Mahindra & Mahindra Limited jointly with Mr. S. Durgashankar	(1)	–	54,83,99,997	100%
	Decrease :- On 10 <sup>th</sup> December, 2015 transfer of shares to Mahindra & Mahindra Limited jointly with Mr. Rajan Wadhera	(1)	–	54,83,99,996	100%
	Decrease :- On 10 <sup>th</sup> December, 2015 transfer of shares to Mahindra & Mahindra Limited jointly with Mr. Bharat Moossaddee	(1)	–	54,83,99,995	100%
	Decrease :- On 10 <sup>th</sup> December, 2015 transfer of shares to Mahindra & Mahindra Limited jointly with Mr. Nalin Mehta	(1)	–	54,83,99,994	100%
	Decrease :- On 9 <sup>th</sup> February, 2016 on transfer of shares to Mahindra Vehicle Manufacturers Ltd	(54,83,99,994)	(100%)	0	–
	At the End of the year	–	–	0	–
<b>2</b>	<b>Mahindra &amp; Mahindra Limited jointly with Mr. Narayan Shankar</b>				
	At the beginning of the year	1	–	–	–
	Decrease :- On 24 <sup>th</sup> December, 2015 transfer of shares to Mahindra Vehicle Manufacturers Limited jointly with Mr. Narayan Shankar	(1)	–	0	–
	At the End of the year	–	–	0	–
<b>3</b>	<b>Mahindra &amp; Mahindra Limited jointly with Mr. Rajan Wadhera</b>				
	At the beginning of the year	–	–	1	–
	Decrease:- On 24 <sup>th</sup> December, 2015 transfer of shares to Mahindra Vehicle Manufacturers Limited jointly with Mr. Rajan Wadhera	(1)	–	0	–
	At the End of the year	–	–	0	–
<b>4</b>	<b>Mahindra &amp; Mahindra Limited jointly with Mr. Bharat Moossaddee</b>				
	At the beginning of the year	–	–	1	–
	Decrease:- On 24 <sup>th</sup> December, 2015 transfer of shares to Mahindra Vehicle Manufacturers Limited jointly with Mr. Bharat Moossaddee	(1)	–	0	–
	At the End of the year	–	–	0	–
<b>5</b>	<b>Mahindra &amp; Mahindra Limited jointly with Mr. Nalin Mehta</b>				
	At the beginning of the year	–	–	1	–
	Decrease:- On 24 <sup>th</sup> December, 2015 transfer of shares to Mahindra Vehicle Manufacturers Limited jointly with Mr. Nalin Mehta	(1)	–	0	–
	At the End of the year	–	–	0	–

MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>6</b>	<b>Mahindra &amp; Mahindra Limited jointly with Mr. V. S. Parthasarathy</b>				
	At the beginning of the year	–	–	1	–
	Decrease:- On 24 <sup>th</sup> December, 2015 transfer of shares to Mahindra Vehicle Manufacturers Limited jointly with Mr. V.S. Parthasarathy	(1)	–	0	–
	At the End of the year	–	–	0	–
<b>7</b>	<b>Mahindra &amp; Mahindra Limited jointly with Mr. S. Durgashankar</b>				
	At the beginning of the year	–	–	1	–
	Decrease:- On 24 <sup>th</sup> December, 2015 transfer of shares to Mahindra Vehicle Manufacturers Limited jointly with Mr. S. Durgashankar	(1)	–	0	–
	At the End of the year	–	–	0	–
<b>8</b>	<b>Mahindra Vehicle Manufacturers Limited jointly with Mr. Narayan Shankar</b>				
	At the beginning of the year	0	–	–	–
	Increase :- On 24 <sup>th</sup> December, 2015 transfer of shares from Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar	1	–	1	–
	At the End of the year	–	–	1	–
<b>9</b>	<b>Mahindra Vehicle Manufacturers Limited jointly with Mr. Rajan Wadhera</b>				
	At the beginning of the year	0	–	–	–
	Increase :- On 24 <sup>th</sup> December, 2015 transfer of shares from Mahindra & Mahindra Limited jointly with Mr. Rajan Wadhera	1	–	1	–
	At the End of the year	–	–	1	–
<b>10</b>	<b>Mahindra Vehicle Manufacturers Limited jointly with Mr. Bharat Moossaddee</b>				
	At the beginning of the year	0	–	–	–
	Increase :- On 24 <sup>th</sup> December, 2015 transfer of shares from Mahindra & Mahindra Limited jointly with Mr. Bharat Moossaddee	1	–	1	–
	At the End of the year	–	–	1	–
<b>11</b>	<b>Mahindra Vehicle Manufacturers Limited jointly with Mr. Nalin Mehta</b>				
	At the beginning of the year	0	–	–	–
	Increase :- On 24 <sup>th</sup> December, 2015 transfer of shares from Mahindra & Mahindra Limited jointly with Mr. Nalin Mehta	1	–	1	–
	At the End of the year	–	–	1	–

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>12</b>	<b>Mahindra Vehicle Manufacturers Limited jointly with Mr. V.S. Parthasarathy</b>				
	At the beginning of the year	0	–	–	–
	Increase :- On 24 <sup>th</sup> December, 2015 transfer of shares from Mahindra & Mahindra Limited jointly with Mr. V.S. Parthasarathy	1	–	1	–
	At the End of the year	–	–	1	–
<b>13</b>	<b>Mahindra Vehicle Manufacturers Limited jointly with Mr. S. Durgashankar</b>				
	At the beginning of the year	0	–	–	–
	Increase:- On 24 <sup>th</sup> December, 2015 transfer of shares from Mahindra & Mahindra Limited jointly with Mr. S. Durgashankar	1	–	1	–
	At the End of the year	–	–	1	–
<b>14</b>	<b>Mahindra Vehicle Manufacturers Limited</b>				
	At the beginning of the year	0	0	–	–
	Increase :- On 9 <sup>th</sup> February, 2016 on transfer of shares from Mahindra & Mahindra Limited	54,83,99,994	100%	54,83,99,994	100%
	At the End of the year	–	–	54,83,99,994	100%

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

**v. Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)		–		
	At the end of the year	–	–	–	–

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2015</b>				
1) Principal Amount	108.42	–	–	108.42
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.06	–	–	0.06
<b>Total of (1+2+3)</b>	108.48	–	–	108.48
<b>Change in Indebtedness during the financial year</b>				
+ Addition	57.00	–	–	57.00
– Reduction	37.87	–	–	37.87
Net change	19.13	–	–	19.13
<b>Indebtedness at the end of the financial year - 31.03.2016</b>				
1) Principal Amount	127.55	0	0	127.55
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	1.17	–	–	1.17
<b>Total of (1+2+3)</b>	128.72	–	–	128.72

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross Salary		–
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of Profit	–	–
	– Others, specify	–	–
5.	Others, please specify	–	–
	<b>Total (A)</b>	–	–
	Ceiling as per the Act	–	–

**B. Remuneration of other directors:**

**I. Independent Directors:-**

(₹ In Lacs)

Particulars of Remuneration	Mr. Shrikant Marathe	Ms. Neera Saggi	Total Amount
Fee for attending board/committee meetings	2.88	2.88	5.76
Commission	-	-	-
Others, please specify	-	-	-
<b>Total (I)</b>	-	-	-

**II. Other Non-Executive Directors:**

(₹ In Lacs)

Other Non-Executive Directors							Total Amount
Fee for attending board/committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-	-
<b>Total (II)</b>							
<b>Total B = (I+II)</b>							
Total Managerial Remuneration (A+B)							5.76
Overall ceiling as per the Act							-

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:**

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Mr. Balavijayan Nagarajan CEO	Mr. Sai Ganesh Iyer CFO	Mr. Kiran N Bade CS	Total Amount
1.	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	81.86	32.50	4.64	119.00
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	5.40	0.47	-	5.87
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	
2.	Stock Option	-	-	-	
3.	Sweat Equity	-	-	-	
4.	Commission				
	- As % of Profit	-	-	-	
	- Others, specify	-	-	-	
5.	Others, please specify Contribution to Provident Fund	-	-	-	
	<b>Total (C)</b>	<b>87.26</b>	<b>32.97</b>	<b>4.64</b>	<b>124.87</b>



**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

**Rajan Wadhwa**  
Chairman  
(DIN: 00416429)

Place: Mumbai  
Date: April 26, 2016

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA HEAVY ENGINES LIMITED (FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

#### Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA HEAVY ENGINES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and

give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its loss and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements; - Refer Note 27 to the financial statements
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 117365W

**Nilesh Shah**  
Partner  
Membership No. 49660

Mumbai, 26<sup>th</sup> April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### Report the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **MAHINDRA HEAVY ENGINES LIMITED** (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm’s Registration No. 117365W

**Nilesh Shah**  
Partner  
Membership No. 49660

Mumbai, 26<sup>th</sup> April, 2016

## ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have not been physically verified during the year by the Management but the Company has a system of verifying the fixed assets once in every three years. In our opinion, the frequency of verification is at reasonable intervals.
- (c) In respect of immovable properties of land that have been taken on lease and building constructed thereon, disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. Physical verification of inventories lying with third parties is performed by the management at reasonable intervals and substantially confirmed by third parties.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Value Added Tax and Excise Duty which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in lakhs)	Amount Unpaid (Rs. in lakhs)
Income tax Act, 1961	Income tax (including interest)	Income tax Appellate Tribunal	Assessment Year 2010-11	Rs.11.14	Rs.11.14
Sales Tax Laws	Value Added Tax (including interest and penalty)	Joint Commissioner of Sales Tax – Pune	Assessment Year 2011-12	Rs.55.39	Rs.52.39
Excise Duty Laws	Central Excise Duty (including interest and penalty)	Commissioner of Central Excise - Pune	April 2010 to November 2013	Rs.76.46	Rs.74.13

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from government and has not issued any debenture.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid/provided any managerial remuneration and hence, the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm’s Registration No. 117365W

**Nilesh Shah**  
Partner  
Membership No. 49660

Mumbai, 26<sup>th</sup> April, 2016

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

Particulars	Note No.	Rupees	As at 31 <sup>st</sup> March, 2016 Rupees	As at 31 <sup>st</sup> March, 2015 Rupees
<b>I EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' Funds</b>				
(a) Share Capital.....	2	5,484,000,000		5,080,000,000
(b) Reserves and Surplus.....	3	<u>(3,313,364,949)</u>		<u>(3,098,626,174)</u>
			<b>2,170,635,051</b>	<b>1,981,373,826</b>
<b>(2) Non-Current Liabilities</b>				
(a) Long-term borrowings.....	4	729,311,749		516,661,587
(b) Deferred tax liabilities (Net) .....	5	—		—
(c) Long term provisions .....	6	<u>25,087,648</u>		<u>29,126,145</u>
			<b>754,399,397</b>	<b>545,787,732</b>
<b>(3) Current Liabilities</b>				
(a) Short-term borrowings .....	7	104,467,284		230,077,078
(b) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises.....	8	21,288,544		20,875,482
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises.....	8	1,177,140,159		337,005,821
(c) Other current liabilities .....	9	623,938,622		450,744,255
(d) Short-term provisions.....	10	<u>51,950,670</u>		<u>49,437,895</u>
			<b>1,978,785,279</b>	<b>1,088,140,531</b>
<b>Total .....</b>			<b><u>4,903,819,727</u></b>	<b><u>3,615,302,089</u></b>
<b>II ASSETS</b>				
<b>(1) Non-Current assets</b>				
(a) Fixed assets				
(i) Tangible assets .....	11	2,607,968,005		2,401,309,493
(ii) Intangible assets .....	12	2,220,167		59,120,759
(iii) Capital work-in-progress.....		89,153,055		121,052,456
(iv) Intangible assets under development.....		<u>448,103,794</u>		<u>199,935,195</u>
			<b>3,147,445,021</b>	<b>2,781,417,903</b>
(b) Long term loans and advances.....	13	62,510,318		55,261,434
(c) Other non-current assets .....	14	<u>1,734,396</u>		<u>1,530,693</u>
			<b>64,244,714</b>	<b>56,792,127</b>
<b>(2) Current assets</b>				
(a) Inventories .....	15	416,778,678		132,904,311
(b) Trade receivables .....	16	1,061,817,698		378,879,428
(c) Cash and bank balances.....	17	70,977,263		58,225,699
(d) Short-term loans and advances .....	18	140,685,853		206,627,994
(e) Other current assets .....	19	<u>1,870,500</u>		<u>454,627</u>
			<b>1,692,129,992</b>	<b>777,092,059</b>
<b>Total .....</b>			<b><u>4,903,819,727</u></b>	<b><u>3,615,302,089</u></b>
See accompanying notes forming part of the financial statements	1 to 44			

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

Sai Ganesh Iyer  
CFO

For and on behalf of the Board

Bharat Moossaddee  
Director

Nilesh Shah  
Partner  
Mumbai, Dated: 26<sup>th</sup> April, 2016

Kiran Bade  
Company Secretary

Vijay Kalra  
Director

Mumbai, Dated: 26<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	For the year ended	
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
		Rupees	Rupees
<b>I. Revenue from operations (Gross)</b>		<b>4,403,277,910</b>	1,758,463,751
Less: Excise Duty .....		<b>(520,386,166)</b>	(170,859,856)
Revenue from operations (Net).....	20	<b>3,882,891,744</b>	1,587,603,895
<b>II. Other Income</b> .....	21	<b>6,944,063</b>	7,941,108
<b>III. Total Revenue (I+II)</b> .....		<b>3,889,835,807</b>	1,595,545,003
<b>IV. Expenses:</b>			
Cost of materials consumed .....	22	<b>3,088,795,792</b>	1,247,279,814
Changes in stock of finished goods and work-in-progress .....	23	<b>(37,267,398)</b>	(12,022,246)
		<b>3,051,528,394</b>	1,235,257,568
Employee benefit expense.....	24	<b>263,190,932</b>	224,956,762
Finance costs.....	25	<b>146,639,285</b>	135,759,890
Depreciation and amortization expense .....	11 & 12	<b>267,128,888</b>	258,147,701
Other expenses.....	26	<b>376,087,083</b>	275,567,174
<b>Total Expenses</b> .....		<b>4,104,574,582</b>	2,129,689,095
<b>V. Loss before tax (III-IV)</b> .....		<b>(214,738,775)</b>	(534,144,092)
<b>VI. Tax expense:</b>			
(1) Current tax .....		-	-
(2) Deferred tax .....		-	-
<b>VII. Loss after tax for the year from continuing operations (V-VI)</b> .....		<b>(214,738,775)</b>	(534,144,092)
<b>VIII. Earnings per equity share (face value Rs. 10 per share)</b>	36		
(1) Basic .....		<b>(0.40)</b>	(1.29)
(2) Diluted .....		<b>(0.40)</b>	(1.29)
See accompanying notes forming part of the financial statements	1 to 44		

In terms of our report attached.  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Sai Ganesh Iyer**  
CFO

**Kiran Bade**  
Company Secretary

**Nilesh Shah**  
Partner  
Mumbai, Dated: 26<sup>th</sup> April, 2016

**For and on behalf of the Board**

**Bharat Moossaddee**  
Director

**Vijay Kalra**  
Director

Mumbai, Dated: 26<sup>th</sup> April, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Particulars	Year ended 31 <sup>st</sup> March, 2016		Year ended 31 <sup>st</sup> March, 2015	
	Rupees	Rupees	Rupees	Rupees
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Loss before tax .....		(214,738,775)		(534,144,092)
Adjustment for:				
Depreciation and Amortisation expense.....	267,128,888		258,147,701	
Finance Costs .....	146,639,285		133,371,658	
Net Loss/(Gain) on sale of fixed assets .....	306,636		(189,136)	
Net Gain on sale of Investment in Mutual Funds .....	(2,224,675)		(705,762)	
Provision for doubtful debts & advances .....	3,710,289		520,000	
Provision for inventory.....	4,433,699		4,883,854	
Provision for Warranty .....	4,630,401		5,021,944	
Interest income .....	(2,679,829)		(3,236,956)	
Net unrealised exchange loss/(gain) .....	1,051,950		(659,102)	
		<b>422,996,644</b>		<b>397,154,201</b>
Operating profit/(loss) before working capital changes.....		<b>208,257,869</b>		<b>(136,989,891)</b>
<i>Changes in working capital:</i>				
<i>Adjustments for (increase)/decrease in operating assets:</i>				
Inventories.....	(288,308,066)		(55,255,454)	
Trade Receivables .....	(686,722,957)		(106,497,741)	
Short term Loans and advances.....	65,942,141		(54,844,220)	
Long term Loans and advances.....	912,305		(572,670)	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade Payables .....	839,569,848		61,397,659	
Other current liabilities.....	61,240,127		(9,876,834)	
Short term Provisions .....	(178,093)		(9,500,296)	
Long term Provisions.....	(5,768,898)		14,620,928	
		<b>(13,313,593)</b>		<b>(160,528,628)</b>
Cash generated from/(used in) operations .....		<b>194,944,276</b>		<b>(297,518,519)</b>
Net income tax paid .....		<b>(1,468,460)</b>		<b>(1,044,546)</b>
Net cash flow from/(used in) operating activities.....		<b>193,475,816</b>		<b>(298,563,065)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Fixed Assets:				
Capital expenditure on fixed assets (including Capital Advances) .....	(645,671,558)		(1,167,762,268)	
Proceeds from sale of fixed assets.....	1,912,110		1,845,734	
Fixed Deposits Placed.....	(137,200,000)		(2,900,000)	
Fixed Deposits Matured .....	110,000,000		-	
Purchase of Mutual Funds .....	(230,000,000)		(180,000,000)	
Sale of Mutual Funds .....	232,224,675		180,705,762	
Interest received on Fixed Deposits .....	1,060,253		2,321,820	
Net Cash flow used in investing activities.....		<b>(667,674,520)</b>		<b>(1,165,788,952)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Particulars	Year ended 31 <sup>st</sup> March, 2016		Year ended 31 <sup>st</sup> March, 2015	
	Rupees	Rupees	Rupees	Rupees
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Equity Shares.....	404,000,000		1,800,000,000	
Proceeds from Long Term borrowings.....	570,000,000		100,000,000	
Repayment of Long Term borrowings .....	(253,124,838)		(303,750,162)	
Proceeds from Short Term borrowings (Net) .....	-		46,748,533	
Repayment of Short Term borrowings (Net) .....	(125,609,794)		-	
Interest paid .....	(135,515,100)		(137,562,035)	
Net cash flow from financing activities.....		<b>459,750,268</b>		<b>1,505,436,336</b>
<b>D NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) .....</b>		<b>(14,448,436)</b>		<b>41,084,319</b>
Cash and cash equivalents at the beginning of the year		<b>46,970,699</b>		<b>5,886,380</b>
<b>Cash and cash equivalents at the end of the year (Refer Note 2 below) .....</b>		<b>32,522,263</b>		<b>46,970,699</b>

Notes :

- The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.
- Cash and bank balances at the end of the year comprise:

	As at 31 <sup>st</sup> March, 2016 Rupees	As at 31 <sup>st</sup> March, 2015 Rupees
<b>Cash and cash equivalents</b>		
Cash on hand.....	24,836	92,830
Bank Balance:		
In Current Accounts .....	32,497,427	21,877,869
In other deposit accounts .....		
Original maturity of 3 months or less.....	-	25,000,000
Cash and Cash Equivalents .....	<b>32,522,263</b>	<b>46,970,699</b>
Other bank balances		
In other deposit accounts .....	2,143,000	2,143,000
In earmarked accounts .....	36,312,000	9,112,000
Cash and bank balances (Note No. 17)	<b>70,977,263</b>	<b>58,225,699</b>

- Figures in brackets represent outflow of cash and cash equivalents.
- Previous year's figures have been regrouped/restated wherever necessary  
See accompanying notes forming part of the financial statements (1 to 44)

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Sai Ganesh Iyer**  
CFO

**Kiran Bade**  
Company Secretary

**Nilesh Shah**  
Partner

Mumbai, Dated: 26<sup>th</sup> April, 2016

**For and on behalf of the Board**

**Bharat Moossaddee**  
Director

**Vijay Kalra**  
Director

Mumbai, Dated: 26<sup>th</sup> April, 2016



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 1. SIGNIFICANT ACCOUNTING POLICIES:

#### A. Basis of Accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, ("the Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### B. Use of estimates:

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised.

#### C. Fixed Assets:

##### i) Tangible Assets

Tangible assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and other attributable costs, including borrowing costs upto the date of bringing the assets to its working condition for its intended use.

##### ii) Intangible Assets

Intangible assets are stated at initially incurred cost less accumulated amortisation.

##### iii) Capital work-in-progress

Capital work-in-progress, including projects under commissioning are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing costs.

##### iv) Intangible assets under development

Expenditure on development eligible for capitalisation is carried as Intangible assets under development where such assets are not yet ready for their intended use.

#### D. Depreciation and Amortisation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

(i) Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Plant and Machinery	5 years, 7 years and 8 years
Vehicles	5 years
Roads	15 years
Assets below Rs. 5000/-	1 years

Leasehold land is amortised over the period of lease.

(ii) Intangible assets are amortised on the straight line method as per the following useful life

Technical know-how	6 years
Product Development Expenditure	5 years

##### Software Expenditure:

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

#### E. Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an

asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

#### F. Inventories:

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. In determining the cost of purchased materials moving average method is used. Cost of manufactured finished goods and work-in-progress are valued on absorption costing basis and includes appropriate proportion of overheads and, where applicable, excise duty.

#### G. Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

#### H. Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments.

On initial acquisition all investments are measured at cost. The cost comprises purchase price and directly attributable charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds, is charged or credited to the statement of profit and loss.

#### I. Revenue Recognition:

Sale of products is recognised on the transfer of all significant risks and rewards of ownership to the buyer. Income from services rendered is accounted for when the work is performed.

#### J. Excise Duty:

Excise duty payable on finished goods is accounted for upon manufacture and transfer of goods to the customers. Excise duty recovered is included in the manufacture and sale of products. Excise duties in respect of finished goods are shown separately as an item of expense and included in the valuation of finished goods.

#### K. Custom Duty:

Custom duty payable on imported goods is accounted for when the goods enter the Indian shores.

#### L. Export Benefits:

Export benefits under various schemes of Government of India are accounted on accrual basis except when there is an uncertainty in respect of the entitlement.

#### M. Foreign exchange transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be except exchange differences relating to long term foreign currency monetary items used for financing the acquisition of fixed assets and not regarded as interest, are added to or subtracted from the cost of such fixed assets and depreciated over the balance useful life of the assets.

#### N. Employee Benefits:

(i) Defined Contribution Plan

Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

**MAHINDRA HEAVY ENGINES LIMITED**  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

(ii) Defined Benefit Plan/Leave encashment:

Company's liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) Other Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

**O. Taxes on Income:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

**P. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalised as part of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

**Q. Warranty:**

Product warranty costs are accrued at the time of sale of products based on technical estimates made by management and is included in 'Other expenses'.

**R. Government Grants and Other Incentives:**

The Company, directly or indirectly through a consortium of Mahindra Group Companies, expects to be entitled to various incentives from government authorities in respect of manufacturing units located in developing regions. The company accounts for such entitlement on accrual basis.

**S. Segment Reporting:**

The Company's business activity falls within a primary business segment namely manufacturing of Engines and other auto components and there is no reportable geographical segment.

**T. Provisions, Contingent Liabilities and Contingent Assets:**

Provision involving substantial degree of estimation in measurement is recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**NOTE 2 - SHARE CAPITAL:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
<b>Authorised:</b>		
700,000,000 (Previous year - 535,000,000) Equity Shares of Rs.10 each	<u>7,000,000,000</u>	5,350,000,000
	<u>7,000,000,000</u>	<u>5,350,000,000</u>
<b>Issued, Subscribed and Fully paid up:</b>		
548,400,000 (Previous year - 508,000,000) Equity Shares of Rs.10 each	<u>5,484,000,000</u>	5,080,000,000
<b>Total</b>	<u>5,484,000,000</u>	<u>5,080,000,000</u>

**Notes**

**1) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year**

	As at 31 <sup>st</sup> March 2016 No. of shares	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 No. of shares	As at 31 <sup>st</sup> March 2015 Rupees
Equity shares outstanding at the beginning of the year	508,000,000	5,080,000,000	328,000,000	3,280,000,000
Add: Additional Equity shares issued during the year	40,400,000	404,000,000	180,000,000	1,800,000,000
Equity shares outstanding at the end of the year	548,400,000	5,484,000,000	508,000,000	5,080,000,000

**2) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:**

Particulars	Number of shares as at 31 <sup>st</sup> March, 2016	Holding in percentage as at 31 <sup>st</sup> March, 2016	Number of shares as at 31 <sup>st</sup> March, 2015	Holding in percentage as at 31 <sup>st</sup> March, 2015
Equity Shares:				
Mahindra & Mahindra Limited and its nominees	-	-	508,000,000	100%
Mahindra Vehicle Manufacturers Limited and its nominees	548,400,000	100%	-	-

**3) Terms/rights attached to equity shares:**

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting (AGM), except in the case of interim dividend which is ratified by the shareholders at the AGM.

The Equity Shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend except that equity shares issued during the year on right basis would be entitled to proportionate dividend, if declared, from the date of allotment.

**4) Shares held by the holding company:**

Particulars	As at 31 <sup>st</sup> March, 2016 No. of shares	As at 31 <sup>st</sup> March, 2016 Rupees	As at 31 <sup>st</sup> March, 2015 No. of shares	As at 31 <sup>st</sup> March, 2015 Rupees
Mahindra & Mahindra Limited and its nominees (Ultimate Holding Company)	-	-	508,000,000	5,080,000,000
Mahindra Vehicle Manufacturers Limited and its nominees (Holding Company)	548,400,000	5,484,000,000	-	-

**NOTE 3 - RESERVES AND SURPLUS:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
<b>Deficit in the statement of profit and loss:</b>		
Opening balance	(3,098,626,174)	(2,561,462,012)
Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax Rs. Nil)	-	(3,020,070)
Add: Loss for the year	(214,738,775)	(534,144,092)
Closing balance	<u>(3,313,364,949)</u>	<u>(3,098,626,174)</u>
<b>Total</b>	<u>(3,313,364,949)</u>	<u>(3,098,626,174)</u>

**MAHINDRA HEAVY ENGINES LIMITED**  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

**NOTE 4 - LONG TERM BORROWINGS:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
Term Loan (Secured)		
(a) from a Bank	616,400,000	100,000,000
Term Loan from a bank carrying interest rate of 10.25% to 10.75% p.a. is secured: <u>For Hypothecation</u> First and exclusive hypothecation charge on all movable fixed assets/plant and machinery created out of the proceeds of the facilities granted by the Bank <u>For Mortgage</u> (1) First and exclusive charge on immovable properties being the building that is setup using the facilities granted by the Bank at the existing plant at Chakan MIDC near Pune (2) First pari passu charge with EXIM Bank on immovable properties being land situated at the Chakan MIDC plant		
(b) from a Financial Institution	112,911,749	416,661,587
Term Loan from a financial institution carrying interest rate of 11% to 12% p.a. is secured by first charge on entire immovable fixed assets, both present and future, relating to 7.2 litres, 6 Cylinder Acteon Diesel engine project at Chakan		
<b>Total</b>	<b>729,311,749</b>	<b>516,661,587</b>

**Kotak Mahindra Bank Ltd**

Moratorium period till 30<sup>th</sup> March 2017

Door to door tenor of 6 years including moratorium of 3 years

Repayment of loan will be as follows

FY-17 (On 31 <sup>st</sup> Mar 17)	-	8% of Loan Amount
FY-18 (On 31 <sup>st</sup> Mar 18)	-	28.5% of Loan Amount
FY-19 (On 31 <sup>st</sup> Mar 19)	-	43% of Loan Amount
FY-20 (On 31 <sup>st</sup> Mar 20)	-	20.5% of Loan Amount

**Export-Import Bank of India**

Term loan is repayable in quarterly installments commencing at the end of 30 months from the date of first disbursement i.e. 24<sup>th</sup> June 2010.

Last date of repayment - 24<sup>th</sup> December, 2017

Quarterly repayments will be on a stepped-up basis as below:

First year	-	10%
Second year	-	20%
Third year	-	25%
Fourth year	-	25%
Fifth year	-	20%

**NOTE 5 - DEFERRED TAX ASSETS/LIABILITIES:**

**(i) Break up of deferred tax liability as at year end:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
Provision for Depreciation	174,836,000	119,741,000
<b>Total</b>	<b>174,836,000</b>	<b>119,741,000</b>

**(ii) Break up of deferred tax asset as at year end:**

Nature of timing difference	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
Provision for compensated absences	6,457,000	5,144,000
Provision for gratuity	5,215,000	6,196,000
Provision for doubtful debts	1,146,000	-
Carried forward tax losses *	158,650,000	102,616,000
Others	3,368,000	5,785,000
<b>Total</b>	<b>174,836,000</b>	<b>119,741,000</b>

**(iii) Deferred tax asset/liability net:**

Note:

\* Considered to the extent that there are compensating timing differences, the reversal of which will result in sufficient income against which this can be realised.

**NOTE 6 - LONG- TERM PROVISIONS:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
Provision for Employee benefits		
- Compensated absences	10,411,636	8,275,953
- Gratuity	12,876,012	16,050,192
	<b>23,287,648</b>	<b>24,326,145</b>
Provision for others		
- Provision for warranty (Refer Note 37)	1,800,000	4,800,000
<b>Total</b>	<b>25,087,648</b>	<b>29,126,145</b>

**NOTE 7 - SHORT TERM BORROWINGS:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
Loans repayable on demand		
- from a Banks		
Secured	104,467,284	230,077,078
[Secured by first charge by way of hypothecation and/or pledge of entire goods, movable and other current assets present and future (excluding Plant and Machinery and all other Fixed assets)]		
<b>Total</b>	<b>104,467,284</b>	<b>230,077,078</b>

**NOTE 8 - TRADE PAYABLES:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
Total outstanding dues of micro enterprises and small enterprises (Refer Note 32)	21,288,544	20,875,482
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,177,140,159	337,005,821
<b>Total</b>	<b>1,198,428,703</b>	<b>357,881,303</b>

MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

**NOTE 9 - OTHER CURRENT LIABILITIES:**

Particulars	As at	
	31 <sup>st</sup> March 2016 Rupees	31 <sup>st</sup> March 2015 Rupees
Current maturities of long-term borrowings *	441,725,000	337,500,000
Interest accrued but not due on borrowings	11,683,775	559,590
Other payables		
– Statutory dues (Contributions to PF and other funds, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	73,641,555	10,347,336
– Payables on purchase of fixed assets	95,422,191	98,817,136
– Advances from Customers	–	164,855
– Interest accrued on others	553,002	1,163,286
– Others	913,099	2,192,052
	<u>170,529,847</u>	<u>112,684,665</u>
<b>Total</b>	<u><b>623,938,622</b></u>	<u><b>450,744,255</b></u>

\* Refer Note 4 - Long Term borrowings for details of security.

**NOTE 10 - SHORT-TERM PROVISIONS:**

Particulars	As at	
	31 <sup>st</sup> March 2016 Rupees	31 <sup>st</sup> March 2015 Rupees
Provision for Employee benefits		
– Compensated absences	10,483,357	8,371,293
– Gratuity	4,000,000	4,000,000
– Performance pay	28,367,313	24,857,470
	<u>42,850,670</u>	<u>37,228,763</u>
<b>Provision others</b>		
– Provision for warranty (Refer Note 37)	9,100,000	12,000,000
– Provision for Wealth Tax	–	209,132
	<u>9,100,000</u>	<u>12,209,132</u>
<b>Total</b>	<u><b>51,950,670</b></u>	<u><b>49,437,895</b></u>

**NOTE 11 - TANGIBLE ASSETS:**

(Rupees)

Description of Assets	Gross Block				Accumulated Depreciation					Net Block	
	Balance as at 1 <sup>st</sup> April, 2015	Additions during the year	Deductions during the year	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 1 <sup>st</sup> April, 2015	For the year	On Deductions	Other adjustments/ Transition adjustment recorded against surplus balance in retained earnings	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 31 <sup>st</sup> March, 2015
<b>TANGIBLE ASSETS</b>											
Leasehold land	69,390,659	–	–	69,390,659	4,547,442	730,419	–	–	5,277,861	64,112,798	64,843,217
	(69,390,659)	(–)	(–)	(69,390,659)	(3,817,023)	(730,419)	(–)	(–)	(4,547,442)		
Buildings	744,253,587	80,715,273	–	824,968,860	77,441,571	26,230,981	–	–	103,672,552	721,296,308	666,812,016
	(463,921,315)	(280,332,272)	(–)	(744,253,587)	(59,904,303)	(17,537,268)	(–)	(–)	(77,441,571)		
Plant and machinery	1,897,099,836	275,062,709	–	2,172,162,545	262,462,192	160,044,636	–	–	422,506,828	1,749,655,717	1,634,637,644
	(918,855,216)	(978,244,620)	(–)	(1,897,099,836)	(166,184,570)	(94,635,746)	(–)	(1,641,876)	(262,462,192)		
Furniture and fixtures	20,274,786	29,580,316	–	49,855,102	7,766,491	5,443,812	–	–	13,210,303	36,644,799	12,508,295
	(18,883,630)	(1,391,156)	(–)	(20,274,786)	(5,692,889)	(2,073,602)	(–)	(–)	(7,766,491)		
Office Equipment	59,044,944	27,453,239	–	86,498,183	50,820,293	12,246,526	–	–	63,066,819	23,431,364	8,224,651
	(48,569,995)	(10,474,949)	(–)	(59,044,944)	(27,859,090)	(21,602,309)	(–)	(1,358,894)	(50,820,293)		
Vehicles	23,913,214	5,442,812	5,252,463	24,103,563	9,629,544	4,680,717	3,033,717	–	11,276,544	12,827,019	14,283,670
	(19,972,896)	(6,614,511)	(2,674,193)	(23,913,214)	(6,148,577)	(4,479,262)	(1,017,595)	(19,300)	(9,629,544)		
<b>Total</b>	<b>2,813,977,026</b>	<b>418,254,349</b>	<b>5,252,463</b>	<b>3,226,978,912</b>	<b>412,667,533</b>	<b>209,377,091</b>	<b>3,033,717</b>	<b>–</b>	<b>619,010,907</b>	<b>2,607,968,005</b>	<b>2,401,309,493</b>
<b>Previous year</b>	<b>(1,539,593,711)</b>	<b>(1,277,057,508)</b>	<b>(2,674,193)</b>	<b>(2,813,977,026)</b>	<b>(269,606,452)</b>	<b>(141,058,606)</b>	<b>(1,017,595)</b>	<b>(3,020,070)</b>	<b>(412,667,533)</b>	<b>(2,401,309,493)</b>	<b>–</b>

Notes:

1) In the previous year, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and had adjusted an amount of Rs. 3,020,070 in the opening balance as at April 1, 2014 in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the previous year is higher by Rs. 37,908,616 consequent to the change in the useful life of the assets.

2) Figures in brackets are in respect of the corresponding previous year.

MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

**NOTE 12 - INTANGIBLE ASSETS:**

(Rupees)

Description of Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 <sup>st</sup> April, 2015	Additions during the year	Deductions during the year	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 1 <sup>st</sup> April, 2015	For the year	On Deductions	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 31 <sup>st</sup> March, 2015
<b>INTANGIBLE ASSETS</b>										
<b>Internally generated</b>										
Product Development Expenditure	108,874,825	–	–	108,874,825	107,060,244	1,814,581	–	108,874,825	–	1,814,581
	(108,874,825)	(–)	(–)	(108,874,825)	(85,285,280)	(21,774,964)	(–)	(107,060,244)		
<b>Other than internally generated</b>										
Technical Know How	549,755,429	–	–	549,755,429	496,306,985	53,448,444	–	549,755,429	–	53,448,444
	(549,755,429)	(–)	(–)	(549,755,429)	(404,681,080)	(91,625,905)	(–)	(496,306,985)		
Software Expenditure	31,334,246	851,205	–	32,185,451	27,476,512	2,488,772	–	29,965,284	2,220,167	3,857,734
	(26,826,557)	(4,507,689)	(–)	(31,334,246)	(23,788,286)	(3,688,226)	(–)	(27,476,512)		
<b>Total</b>	<b>689,964,500</b>	<b>851,205</b>	<b>–</b>	<b>690,815,705</b>	<b>630,843,741</b>	<b>57,751,797</b>	<b>–</b>	<b>688,595,538</b>	<b>2,220,167</b>	<b>59,120,759</b>
<b>Previous year</b>	<b>(685,456,811)</b>	<b>(4,507,689)</b>	<b>(–)</b>	<b>(689,964,500)</b>	<b>(513,754,646)</b>	<b>(117,089,095)</b>	<b>(–)</b>	<b>(630,843,741)</b>	<b>(59,120,759)</b>	<b>–</b>

Note:

1) Figures in brackets are in respect of the corresponding previous year.

**NOTE 13 - LONG TERM LOANS AND ADVANCES:**

Particulars	As at		As at	
	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
	Rupees	Rupees	Rupees	Rupees
<b>Unsecured, considered good unless otherwise stated</b>				
Capital advances:				
Unsecured Considered good	52,328,976		45,427,115	
Unsecured Considered doubtful	1,160,400		1,160,400	
	53,489,376		46,587,515	
Less: Provision for Doubtful Capital Advances	1,160,400		1,160,400	
		52,328,976		45,427,115
Security deposits		609,030		1,754,395
Balances with government authorities				
i) Sales tax receivable	300,000		300,000	
ii) Excise deposit receivable	233,060		–	
ii) Custom deposit receivable	5,096,762		5,096,762	
		5,629,822		5,396,762
Other Loans and Advances				
– Advance income tax [net of provisions Rs. 1,000,000]	3,942,490		2,683,162	
(Previous year Rs. 1,000,000)]				
<b>Total</b>	<b>62,510,318</b>		<b>55,261,434</b>	

**NOTE 14 - OTHER NON-CURRENT ASSETS:**

Particulars	As at		As at	
	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
	Rupees	Rupees	Rupees	Rupees
Accrued interest on deposits	1,734,396		1,530,693	
<b>Total</b>	<b>1,734,396</b>		<b>1,530,693</b>	

**NOTE 15 - INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE):**

Particulars	As at		As at	
	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
	Rupees	Rupees	Rupees	Rupees
Raw materials [including goods-in-transit Rs. 25,031,316 (Previous year - Rs. Nil)]	335,349,184	101,802,186		
Work - in - progress	40,329,267	12,534,632		
Finished goods	20,304,305	10,831,542		
Stores and spares	20,795,922	7,735,951		
<b>Total</b>	<b>416,778,678</b>	<b>132,904,311</b>		

**NOTE 16 - TRADE RECEIVABLES:**

Particulars	As at		As at	
	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
	Rupees	Rupees	Rupees	Rupees
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Unsecured, considered good	5,498,666	14,535,382		
Unsecured Considered doubtful	3,710,289	–		
	9,208,955	14,535,382		
Less: Provision for Doubtful Trade Receivables	3,710,289	–		
	5,498,666	14,535,382		
Other Trade receivables				
Unsecured Considered good	1,056,319,032	364,344,046		
<b>Total</b>	<b>1,061,817,698</b>	<b>378,879,428</b>		

MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

**NOTE 17 - CASH AND BANK BALANCES:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
<b>A. Cash and cash equivalents:</b>		
Cash on hand	24,836	92,830
Balances with banks		
In current accounts	32,497,427	21,877,869
In other deposit accounts Original maturity of 3 months or less	–	25,000,000
	<u>32,522,263</u>	<u>46,970,699</u>
<b>B. Other bank balances:</b>		
In other deposit accounts		
– Fixed Deposits with original maturity greater than 3 months*#	2,143,000	2,143,000
In earmarked accounts		
– Balances held as margin money or security against borrowings, guarantees and other commitments*#	36,312,000	9,112,000
<b>Total</b>	<u>70,977,263</u>	<u>58,225,699</u>

**Notes:**

- \* Includes deposits and margin money of Rs. 4,605,000 (Previous year - Rs. 7,355,000) with maturity greater than 12 months from Balance Sheet date  
# Includes Fixed Deposits and margin money of Rs. 38,455,000 (Previous year - Rs. 11,255,000) under Bank's lien.

**NOTE 18 - SHORT TERM LOANS AND ADVANCES:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
<b>Unsecured, considered good</b>		
<b>*Loans and advances to related parties</b>	–	3,465,140
<b>Loans and Advances to other than related parties</b>		
Balances with government authorities		
i) Excise duty rebate receivable	1,624,712	12,243,153
ii) VAT Refund Receivable	1,066,159	478,500
iii) CENVAT credit receivable	81,910,050	163,901,984
iv) Service tax credit receivable	45,165,297	19,756,062
	<u>129,766,218</u>	<u>196,379,699</u>
<b>Other loans and Advances</b>		
– Prepaid expenses	2,612,775	3,143,660
Advances to suppliers	716,122	2,093,433
Others	7,590,738	1,546,062
<b>Total</b>	<u>140,685,853</u>	<u>206,627,994</u>
<b>* List of related parties:</b>		
– Mahindra & Mahindra Limited	–	3,465,140
<b>Total</b>	<u>–</u>	<u>3,465,140</u>

**NOTE 19 - OTHER CURRENT ASSETS:**

Particulars	As at 31 <sup>st</sup> March 2016 Rupees	As at 31 <sup>st</sup> March 2015 Rupees
Accrued interest on deposits	1,870,500	454,627
<b>Total</b>	<u>1,870,500</u>	<u>454,627</u>

**NOTE 20 - REVENUE FROM OPERATIONS - NET OF EXCISE DUTY:**

Particulars	For the year ended 31 <sup>st</sup> March 2016 Rupees	For the year ended 31 <sup>st</sup> March 2015 Rupees
Sale of products [Refer Note 40(iii)]	4,351,476,653	1,708,181,209
Less: Excise Duty	(519,458,725)	(170,523,721)
	<u>3,832,017,928</u>	<u>1,537,657,488</u>
Sale of services (Refer Note 41)	–	9,334,114
Other operating revenues		
– Sale of Scrap	10,961,997	5,475,161
Less: Excise Duty	(927,441)	(336,135)
	<u>10,034,556</u>	<u>5,139,026</u>
– Government Grants and other incentives	38,734,377	34,040,202
– Duty Drawback	2,104,883	1,433,065
<b>Total</b>	<u>3,882,891,744</u>	<u>1,587,603,895</u>

**NOTE 21 - OTHER INCOME:**

Particulars	For the year ended 31 <sup>st</sup> March 2016 Rupees	For the year ended 31 <sup>st</sup> March 2015 Rupees
Interest income	2,679,829	3,236,956
Net gain on sale of current investments - Mutual Funds	2,224,675	705,762
Net gain on foreign currency transactions and translation	–	3,809,254
Net gain on sale of fixed assets	–	189,136
Miscellaneous Income	2,039,559	–
<b>Total</b>	<u>6,944,063</u>	<u>7,941,108</u>

**NOTE 22 - COST OF MATERIALS CONSUMED:**

Particulars	For the year ended 31 <sup>st</sup> March 2016 Rupees	For the year ended 31 <sup>st</sup> March 2015 Rupees
Raw material consumed [Refer Note 40(i)]	3,088,795,792	1,247,279,814
<b>Total</b>	<u>3,088,795,792</u>	<u>1,247,279,814</u>

**NOTE 23 - CHANGES IN STOCK OF FINISHED GOODS AND WORK - IN PROGRESS:**

Particulars	For the year ended 31 <sup>st</sup> March 2016 Rupees	For the year ended 31 <sup>st</sup> March 2015 Rupees
Opening stock		
Work-in-progress	12,534,632	8,648,723
Finished goods	10,831,542	2,695,205
	<u>23,366,174</u>	<u>11,343,928</u>
Closing stock		

**MAHINDRA HEAVY ENGINES LIMITED**  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

Particulars	For the year ended 31 <sup>st</sup> March 2016		For the year ended 31 <sup>st</sup> March 2015	
	Rupees	Rupees	Rupees	Rupees
Work-in-progress	40,329,267		12,534,632	
Finished goods	20,304,305		10,831,542	
		60,633,572	23,366,174	
<b>Total</b>		<b>(37,267,398)</b>	<b>(12,022,246)</b>	

**NOTE 24 - EMPLOYEE BENEFIT EXPENSE**

Particulars	For the year ended 31 <sup>st</sup> March 2016		For the year ended 31 <sup>st</sup> March 2015	
	Rupees	Rupees	Rupees	Rupees
Salaries and wages	223,132,208		186,341,619	
Contribution to provident and other funds	7,505,064		18,260,473	
Employee compensation expense on account of ESOP *	3,878,417		1,473,419	
Staff welfare expenses	28,675,243		18,881,251	
<b>Total</b>		<b>263,190,932</b>	<b>224,956,762</b>	

\* Represents costs reimbursed by the Company towards ESOP's granted by the ultimate holding Company, Mahindra & Mahindra Limited.

**NOTE 25 - FINANCE COSTS**

Particulars	For the year ended 31 <sup>st</sup> March 2016		For the year ended 31 <sup>st</sup> March 2015	
	Rupees	Rupees	Rupees	Rupees
<b>Interest expense</b>				
– Borrowings	140,502,969		126,566,559	
– Trade Payables - Micro Enterprises and Small Enterprises (Refer Note 32)	553,002		903,443	
– Others				
– Interest on delayed payment of Excise Duty	560,000		1,484,789	
– Other Interest Costs	55,138		–	
		141,671,109	128,954,791	
Other borrowing costs		4,968,176	6,805,099	
<b>Total</b>		<b>146,639,285</b>	<b>135,759,890</b>	

**NOTE 26 - OTHER EXPENSES**

Particulars	For the year ended 31 <sup>st</sup> March 2016		For the year ended 31 <sup>st</sup> March 2015	
	Rupees	Rupees	Rupees	Rupees
Consumption of stores and spare parts	32,710,273		21,569,797	
Packing material consumed	12,660,943		15,628,768	
Power and fuel	35,559,480		11,056,622	
Testing expenses	69,153,312		80,000,369	
Repairs and maintenance -				
Buildings	3,889,350		763,296	
Machinery (Refer Note 42)	7,214,031		9,170,671	
Others	4,627,324		2,347,391	
		15,730,705	12,281,358	
Insurance	4,121,247		2,608,994	
Rates & Taxes	8,353,858		8,067,817	

Particulars	For the year ended 31 <sup>st</sup> March 2016		For the year ended 31 <sup>st</sup> March 2015	
	Rupees	Rupees	Rupees	Rupees
Excise duty: Changes in Stocks of Finished Goods	683,967		1,696,091	
others	9,352,506		3,427,871	
Travelling and conveyance	17,935,597		24,434,369	
Freight outward (net of recoveries)	7,739,678		4,441,039	
Royalty	47,093,619		32,446,118	
Net loss on foreign currency transactions and translation	3,760,217		–	
Provision for warranty (Refer Note 37)	4,630,401		5,021,944	
Provision for doubtful debts/advances	3,710,289		520,000	
Loss on sale fixed assets (net)	306,636		–	
Bank charges	1,065,061		708,254	
Professional charges	46,689,825		10,116,720	
Housekeeping and security expenses	7,088,396		5,377,715	
Labour Contract Charges	29,187,819		16,340,622	
Miscellaneous expenses (Refer Note 43)	18,553,254		19,822,706	
<b>Total</b>		<b>376,087,083</b>	<b>275,567,174</b>	

**NOTE 27 - CONTINGENT LIABILITIES AND COMMITMENTS:**

**1) Contingent Liabilities**

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Rupees	Rupees	Rupees	Rupees
Claims against the company not acknowledged as debt				
(i) Income Tax claims disputed by the company relating to disallowance of depreciation and amortisation on Technical Know-how.	1,114,350		1,114,350	
(ii) Excise duty claims disputed by the company relating to valuation rules	7,646,407		7,165,950	

It is not practicable for the company to estimate the closure of the above issues and the consequential timing of cash flows, if any.

**2. Commitments:**

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 206,100,325 (Net of Advance) (Previous year - Rs. 209,288,317).
- (ii) Other commitment:
  - (a) The Company has obligation under EPCG scheme to export the products worth Rs. 329,448,918 (Previous year - Rs. 371,591,825) over the period of next 5 years
  - (b) The Company has obligation to pay Rs. 264,576,125 (Previous year - Rs. 60,695,250) on account of Technical know-how fees for 4 Cylinder and 9.3 Litre Engine.

**NOTE 28 - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:**

**(A) Defined Contribution Plan**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Amount recognised as an expense in the Statement of Profit and Loss is Rs. 9,727,210 (Previous year - Rs. 7,945,742).

MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

<b>(B) Defined Benefit Plan:</b>			<b>III Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet:</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>		
i)	Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit and Loss.		1	Present value of Defined Benefit Obligation	22,770,929	25,679,331	
ii)	The Defined Benefit Plans comprise of Gratuity. Gratuity is a benefit to an employee based on 15/26 days (depending on the grade/category of the employee and the completed years of service) last drawn salary for each completed year of service.		2	Fair value of plan assets	5,894,917	5,629,139	
			3	Funded status [Surplus/(Deficit)]	(16,876,012)	(20,050,192)	
			4	Net asset/(Liability) recognized in Balance Sheet	(16,876,012)	(20,050,192)	
		Rupees					
	<b>Particulars</b>	<b>Gratuity</b>	<b>IV Components of employer expenses recognised in the Statement of Profit and loss:</b>	<b>For the year ended 31<sup>st</sup> March, 2016</b>	<b>For the year ended 31<sup>st</sup> March, 2015</b>		
<b>I</b>	<b>Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>				
1	Present Value of Defined Benefit Obligation at the beginning of the year	25,679,331	14,602,047	1	Current Service cost	4,198,636	4,039,092
2	Current Service cost	4,198,636	4,039,092	2	Interest cost	1,994,644	1,327,392
3	Interest Cost	1,994,644	1,327,392	3	Expected return on plan assets	(496,133)	(443,865)
4	Actuarial (gains)/losses	(8,240,326)	6,058,554	4	Actuarial (Gains)/Losses	(7,928,077)	5,896,272
5	Benefits paid	(861,356)	(347,754)	5	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>(2,230,930)</b>	<b>10,818,891</b>
6	Present value of Defined Benefit Obligation at the end of the year	22,770,929	25,679,331	<b>V Principal Actuarial Assumptions:</b>	<b>For the year ended 31<sup>st</sup> March, 2016</b>	<b>For the year ended 31<sup>st</sup> March, 2015</b>	
					<b>Gratuity</b>		
<b>II</b>	<b>Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>	1	Discount Rate (%)	8.10%	7.90%
1	Fair value of Plan assets as at the beginning of the year	5,629,139	5,122,504	2	Expected Return on plan assets (%)	8.75%	8.75%
2	Expected return on plan assets	496,133	443,865	3	Salary Escalation (%) - Staff	10.00%	10.00%
3	Actuarial (losses)/gains	(312,249)	162,282	4	Salary Escalation (%) - Associates	8.00%	8.00%
4	Benefits paid	(21,990)	(124,512)	5	Medical cost inflation	N.A.	N.A.
5	Actual contributions by employers	103,884	25,000	6	Withdrawal Rate - Staff	9.00%	8.00%
6	Plan assets as at the end of the year	5,894,917	5,629,139	7	Withdrawal Rate - Associates	0.00%	0.00%
				(a)	The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.		
				(b)	Salary Escalation Rate: The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.		
<b>VI</b>	<b>Experience Adjustments:</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>	<b>As at 31<sup>st</sup> March, 2013</b>	<b>As at 31<sup>st</sup> March, 2012</b>	
1	Defined Benefit Obligation at the end of the year	22,770,929	25,679,331	14,602,047	11,110,209	6,673,154	
2	Plan Assets at the end of the period	5,894,917	5,629,139	5,122,504	4,717,981	-	
3	Funded Status	(16,876,012)	(20,050,192)	(9,479,543)	(6,392,228)	(6,673,154)	
4	Experience adjustments on plan liabilities	(7,395,781)	3,747,269	898,999	(409,465)	(991,642)	
5	Experience adjustments on plan assets	312,249	(182,573)	27,172	45,000.00	-	
<b>VII</b>	<b>Actual Return on plan assets:</b>				<b>For the year ended 31<sup>st</sup> March, 2016</b>	<b>For the year ended 31<sup>st</sup> March, 2015</b>	
1	Expected Return on plan assets				496,133	443,865	
2	Actuarial (Losses)/Gains				(312,249)	162,282	
3	Actual return on plan assets				183,884	606,147	
<b>VIII</b>	Expected contribution payable during the next financial year Rs. 4,000,000 (Previous year Rs. 4,000,000)						
<b>IX</b>	In respect of Funded Benefits with respect to gratuity, the fair value of Plan assets represents the amounts invested through "Insurer Managed Fund".						

**NOTE 29 -**

As the Company's business activity falls within a primary business segment namely manufacturing of Engines and other auto components and there is no reportable geographical segment, the disclosure requirements of Accounting Standards (AS-17) "Segment Reporting", are not applicable.



MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

**NOTE 30 - RELATED PARTY DISCLOSURES:**

**A) Name of the related party and nature of relationship where control exists:**

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Holding Company upto 8th February 2016 Ultimate Holding Company w.e.f. 9 <sup>th</sup> February 2016
Mahindra Vehicle Manufacturers Limited	Holding Company from 9th February 2016

**B) Other parties with whom transactions have taken place during the year:**

Name of Related Party	Nature of Relationship
1) Mahindra Gears & Transmissions Pvt. Ltd.	Fellow subsidiary upto 9 <sup>th</sup> December 2014
2) Mahindra Logistics Ltd.	Fellow subsidiary
3) Mahindra Vehicle Manufacturers Ltd.	Fellow subsidiary upto 8 <sup>th</sup> February 2016
4) Mahindra Trucks and Buses Limited	Fellow subsidiary
5) Mahindra Integrated Business Solutions Pvt Ltd	Fellow subsidiary
6) Defence Land Systems India Pvt Ltd	Fellow subsidiary
7) LORDS Freight (India) Pvt Ltd	Fellow subsidiary
8) Mr. Pankaj Sonalkar	Key Managerial Personnel (Managing Director upto 24 <sup>th</sup> April 2015).

**C) Related Party Transactions:**

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions (Rupees)	Amount Outstanding at the end of year	
				Credit (Rupees)	Debit (Rupees)
Mahindra & Mahindra Ltd.	Holding Company upto 8 <sup>th</sup> February 2016.	Sale of goods	565,804,981 (416,155,009)	10,605,605 (7,622,443)	136,061,726 (125,599,483)
		Training & Seminar	379,509 (959,181)		
	Ultimate Holding Company w.e.f. 9 <sup>th</sup> February 2016.	CAS-4 Excise Duty	-		
		Rental Charges	-		
			(5,490)		
			-		
			(964,463)		
			-		
			(9,447,467)		
			-		
			(180,000,000)		
			-		
			(542,465)		
			404,000,000 (1,800,000,000)		
		1,436,788 (4,473,240)			
		3,878,417 (1,473,419)			
		40,740,067 (3,465,140)			
		52,481,743 (6,414,155)			
		200,000 (100,000)	-	(100,000)	
		300,000 (-)			

MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions (Rupees)	Amount Outstanding at the end of year	
				Credit (Rupees)	Debit (Rupees)
Mahindra Gears & Transmissions Pvt. Ltd.	Fellow Subsidiary	Purchase of Raw Material	- (12,096,588)		
Mahindra Logistics Ltd.	Fellow Subsidiary	Services received	53,134,354 (27,022,856)	15,031,904 (4,151,576)	
		Purchase of Capital Assets	- (2,616,933)		
Mahindra Vehicle Manufacturers Ltd.	Fellow Subsidiary upto 8 <sup>th</sup> February 2016	Sale of Engines	3,943,027,315 (1,077,821,851)		851,379,827 (128,254,135)
		Purchase of Raw Material	212,075 (-)		
	Holding Company w.e.f. 9 <sup>th</sup> February 2016	Labour Work	- (126,345)		
		Reimbursement of expense paid	17,289,572 (8,906,821)		
Mahindra Trucks and Buses Limited	Fellow Subsidiary	Sales of Spares	130,694,275 (83,920,761)		19,089,497 (8,532,281)
Mahindra Integrated Business Solutions Pvt Ltd.	Fellow Subsidiary	Professional Fees	525,046 (356,912)	203,926 (57,563)	
		Manpower Cost	714,678 (638,713)		
Defence Land Systems India Pvt Ltd	Fellow Subsidiary	Sale of goods	- (740,592)		- (740,592)
		Sale of Vehicle	1,487,672 (-)		
LORDS Freight (India) Private Limited	Fellow Subsidiary	Services received	179,281 (-)	24,400 (-)	
Mr. Pankaj Sonalkar	Key Management Personnel (Managing Director upto 24 <sup>th</sup> April 2015.)	Remuneration	- (10,808,415)		

**Notes:**

- 1 Represents costs reimbursed by the Company towards ESOP's granted by the ultimate holding Company, Mahindra & Mahindra Limited.
- 2 During the year, Mahindra & Mahindra Limited had entered into a Share Purchase Agreement dated 21<sup>st</sup> December, 2015 for transfer of its entire shareholding in the Company to Mahindra Vehicle Manufacturers Limited. The said transfer was in principle approved by the Directorate of Industries, Govt. of Maharashtra.
- 3 Figures in brackets are in respect of the corresponding previous year.

**NOTE 31 -**

**a) Details of Derivative Instruments (for hedging):**

None

**b) Details of year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise:**

Particulars	Foreign Currency	Amount in foreign currency		Equivalent amount in Rs.		Particulars	Foreign Currency	Amount in foreign currency		Equivalent amount in Rs.	
		As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015			As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	Rupees	Rupees
Amount payable in foreign currency	USD	252,577	398,791	16,864,552	24,921,009	Amount receivable in foreign currency	USD	155,025	679,323	10,219,253	42,054,900
	EURO	368,741	99,220	27,943,173	7,462,011						
							KWR	461,745,058	-	27,058,260	-
							GBP	34,076	-	3,276,420	-
							JPY	-	100,000	-	52,500

**MAHINDRA HEAVY ENGINES LIMITED**  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

**NOTE 32 -**

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	As at 31 <sup>st</sup> March, 2016 Rupees	As at 31 <sup>st</sup> March, 2015 Rupees
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	21,288,544	20,875,482
Interest	51,658	35,962
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	501,344	867,481
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	553,002	1,163,286
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	19,190	78,477

"Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors."

**NOTE 33 - EARNINGS IN FOREIGN EXCHANGE:**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 Rupees	For the year ended 31 <sup>st</sup> March, 2015 Rupees
FOB Value of exports	47,468,429	132,267,754

**NOTE 34 - EXPENDITURE IN FOREIGN CURRENCY:**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 Rupees	For the year ended 31 <sup>st</sup> March, 2015 Rupees
Royalty	47,093,619	32,446,118
Technical Know-how fees	199,875,000	-
Travelling & Conveyance	714,169	1,246,190
Professional Fees	6,436,039	-
Miscellaneous expenses	1,124,806	3,334,908

**NOTE 35 - THE TOTAL OF FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE:**

The Company has not entered into any non-cancellable leasing arrangements in current year as well as previous year.

**NOTE 36 - EARNINGS PER SHARE:**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 Rupees	For the year ended 31 <sup>st</sup> March, 2015 Rupees
Amount used as the numerator – (loss) after tax for the year	(214,738,775)	(534,144,092)
Weighted average number of equity shares used in computing earnings per share	532,946,448	413,024,658
Basic and Diluted Earnings per share (Face value of Rs. 10 per share )	(0.40)	(1.29)

**NOTE 37 - Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard-29):**

Particulars	Warranty As at 31 <sup>st</sup> March, 2016 Rupees	Warranty As at 31 <sup>st</sup> March, 2015 Rupees
Carrying Amount at the beginning of the year	16,800,000	13,100,000
Additional Provision made during the year (net of reversal)	4,630,401	5,021,944
Amounts Used during the year	10,530,401	1,321,944
Carrying Amounts at the end of the year	10,900,000	16,800,000

**Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits:**

**Warranty Provision:**

Warranty cost are accrued at the time of sale of products, based on technical estimates and past trends. The provision is discharged over the warranty period as per below:

- For Industrial Engines - 18 to 30 months from the date of dispatch or 6 to 24 months from the date of commissioning or 1000 to 5000 hours of operations whichever is earlier.
- For Genset Engines - 30 months from the date of dispatch or 24 months from the date of commissioning or 5000 hours of operations whichever is earlier.

The estimates for accounting of warranties are reviewed and revisions are made as required.

**NOTE 38 - VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED:**

Particulars	For the year ended 31 <sup>st</sup> March, 2016		For the year ended 31 <sup>st</sup> March, 2015	
	Value (Rupees)	Percentage (%)	Value (Rupees)	Percentage (%)
Imported	151,204,076	5%	45,769,139	4%
Indigenous	2,937,591,716	95%	1,201,510,675	96%
<b>Total</b>	<b>3,088,795,792</b>	<b>100%</b>	<b>1,247,279,814</b>	<b>100%</b>

MAHINDRA HEAVY ENGINES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HEAVY ENGINES PRIVATE LIMITED)

NOTE 39 - CIF VALUE OF IMPORTS:

Particulars	For the	For the
	year ended	year ended
	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	2016	2015
	Rupees	Rupees
Raw materials	108,869,174	26,018,353
Capital Goods	25,769,714	191,871,681

NOTE 40 (I) - DETAILS OF RAW MATERIAL CONSUMPTION AND RAW MATERIAL STOCK UNDER BROAD HEADS:

Particulars	Raw Materials Consumed		Raw Materials Stock	
	For the year ended	For the year ended	As at	As at
	31 <sup>st</sup> March,	31 <sup>st</sup> March,	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Compressor	86,137,253	14,003,922	6,625,493	316,940
Crankshaft	167,883,707	70,696,092	5,906,265	318,679
Cylinder Block	142,607,203	103,721,110	1,603,665	733,648
Cylinder Head	146,440,952	66,794,189	6,758,579	1,756,209
Radiator	7,144,429	31,732,790	265,999	702,240
Flywheel Housing	44,222,034	28,783,055	1,168,001	507,640
Injector Assy, Fuel	179,834,613	66,360,844	12,265,724	7,118,559
Piston	61,752,131	26,940,013	5,500,448	2,679,479
Pump Fuel Injection	165,955,793	111,915,033	8,884,566	9,259,859
Turbo Charger	81,182,792	28,590,862	3,393,932	1,423,001
Alternator	56,342,756	-	4,499,539	-
Assy Catalytic Converter	117,934,939	-	3,469,264	-
Common Rail	20,521,401	-	2,853,462	-
Crankcase	125,059,763	-	9,324,768	-
Dual Mass Flywheel	48,194,801	-	16,248,218	-
Egr Module	24,046,866	-	1,758,923	-

NOTE 40 (III) - DETAILS OF SALES AND FINISHED GOODS STOCK UNDER BROAD HEADS:

Particulars	Finished Goods Opening Stock		Finished Goods Closing Stock		Sales	
	As at	As at	As at	As at	For the year ended	For the year ended
	1 <sup>st</sup> April, 2015	1 <sup>st</sup> April, 2014	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Internal Combustion Engines	10,831,542	2,695,205	20,304,305	10,831,542	4,211,904,074	1,624,796,343
Blocks & Spares	-	-	-	-	138,102,903	83,137,453
Others	-	-	-	-	1,469,676	247,413
<b>Total</b>	<b>10,831,542</b>	<b>2,695,205</b>	<b>20,304,305</b>	<b>10,831,542</b>	<b>4,351,476,653</b>	<b>1,708,181,209</b>

NOTE 41 - DETAILS OF GROSS INCOME DERIVED FROM SERVICES RENDERED/SUPPLIED UNDER BROAD HEADS:

Particulars	For the year	For the year
	ended 31 <sup>st</sup> March 2016	ended 31 <sup>st</sup> March 2015
	Rupees	Rupees
Engineering Services rendered	-	9,334,114
<b>Total</b>	<b>-</b>	<b>9,334,114</b>

NOTE 42 -

Repairs and maintenance- Machinery includes spares consumed Rs. 2,915,126 (Previous year - Rs. 6,062,981).

NOTE 43 - MISCELLANEOUS EXPENSES INCLUDE PAYMENT TO AUDITORS (NET OF SERVICE TAX):

Particulars	For the year	For the year
	ended 31 <sup>st</sup> March 2016	ended 31 <sup>st</sup> March 2015
	Rupees	Rupees
Audit fees - Statutory Audit	1,450,000	1,150,000
Other services	278,500	86,500
Out of pocket expenses reimbursed	10,000	10,000
<b>Total</b>	<b>1,738,500</b>	<b>1,246,500</b>

Particulars	Raw Materials Consumed		Raw Materials Stock	
	For the year ended	For the year ended	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees	Rupees	Rupees	Rupees
Unit Pump	19,342,093	-	2,446,633	-
Variable Oil Pump Assy	27,732,047	-	5,640,877	-
Others	1,566,460,219	697,741,904	236,734,828	76,985,932
<b>Total</b>	<b>3,088,795,792</b>	<b>1,247,279,814</b>	<b>335,349,184</b>	<b>101,802,186</b>

Notes:

(a) The consumption has been ascertained on the basis of opening stock plus purchases less closing stock and includes the adjustment of excess and shortages as ascertained on physical count, write-off of obsolete and unserviceable raw materials and components.

(b) The Consumption in value shown in 'others' is a balancing figure based on the total consumption.

NOTE 40 (II) - DETAILS OF WORK IN PROGRESS STOCK UNDER BROAD HEADS:

Particulars	WIP Opening Stock		WIP Closing Stock	
	As at 1 <sup>st</sup> April, 2015	As at 1 <sup>st</sup> April, 2014	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Rupees	Rupees	Rupees	Rupees
Broad Heads of Work in Progress				
Blocks -NLB	12,387,751	1,873,410	20,193,804	12,387,751
Cylinder Block	-	5,632,140	2,970,116	-
Cylinder Head	-	-	1,403,287	-
SFG - Others	146,881	1,143,173	15,762,060	146,881
<b>Total</b>	<b>12,534,632</b>	<b>8,648,723</b>	<b>40,329,267</b>	<b>12,534,632</b>

NOTE 44 -

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board

Sai Ganesh Iyer  
CFO

Bharat Moossadde  
Director

Kiran Bade  
Company Secretary

Vijay Kalra  
Director

Mumbai, Dated: 26<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eleventh Report, together with the Audited Financial Statements of your Company for the financial year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Rs. in Lakhs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Revenue .....	7,525.51	7,746.27
Profit/(Loss) before, Interest, Commitment, Finance Charges and Taxation .....	2,168.11	2,061.13
Less : Interest, Commitment and Finance Charges .....	2.51	0.22
Profit/(Loss) before Taxation.....	2,165.60	2,060.91
Less : Provision for Taxation for the year		
– Current Tax .....	744.00	680.00
– Deferred Tax .....	(1.51)	–
Profit/(Loss) after Tax.....	1,423.11	1,380.91
Proposed Dividend on Equity Shares .....	(1180.00)	(1,140.00)
Tax on Proposed Dividend .....	(240.22)	(232.08)
Transfer to General Reserve.....	–	–
Profit/(Loss) of earlier year .....	385.79	376.96
Profit carried forward to Balance Sheet .....	388.68	385.79
Net Worth .....	901.18	898.29

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

### OPERATIONS

During the Financial Year ended 31<sup>st</sup> March, 2016, total income of your Company reduced to Rs. 75.26 crores from Rs. 77.46 crores in Financial Year ended 31<sup>st</sup> March, 2015, reflecting a reduction of approximately 3%. The key reason for this was the economic slowdown that impacted business performance right across domestic industries. Your Company partially benefitted by appreciation of the Indian Rupee at beginning of the year. Also forex hedging, judicious price increase, cost reductions and superior returns from investible surpluses helped in reducing the impact on margins and profitability.

Your Company continues to have amongst industry best performance parameters related to fulfilling dealer and stockist orders measured by first fill rates (FFR) providing a high level of customer satisfaction.

During the year, your Company has been able to manage inventory levels with continued focus without adversely affecting the first fill rates.

### DIVIDEND

The Board of Directors has recommended final equity dividend of Rs. 118 per share on the 10 Lakhs Equity Shares of the Company of face value of Rs. 10/- each, aggregating to an amount of Rs. 1180.00 Lakhs for the approval of shareholders.

### OUTLOOK

Your Company will continue to focus on maintaining its high first fill rates whilst at the same time focus on lower inventories and be efficient in usage of capital employed.

A significant part of your Company's purchases is imported and hence, your Company's profitability may be impacted due to high volatility in exchange rates. However, your Company will continue to attempt to reduce the impact through suitable foreign exchange management strategies.

Your Company will also continue to explore various other avenues to increase its presence in the automobile distribution system.

### SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2016 was Rs. 1 Crore divided into 10,00,000 Equity Shares of Rs. 10/- each. During the year under review the Company has not issued any shares or any convertible instruments.

## BOARD OF DIRECTORS

The Composition of the Board is as follows:

Sr. No.	Name of Director & DIN	Designation	Executive/ Non Executive	Independent/ Non Independent
1.	Mr. P.N. Shah (DIN: 00056173)	Chairman	Non Executive	Non Independent
2.	Mr. Nikhil Sohoni (DIN: 06852639)	Director	Non Executive	Non Independent
3.	Mr. Hemant Sikka (DIN: 00922281)	Director	Non Executive	Non Independent
4.	Mr. Ketan Doshi (DIN: 03083483)	Director	Executive Director	Non Independent

Mr. Nikhil Sohoni retires by rotation and being eligible, offers himself for re-appointment.

Mr. A. M. Choksey (DIN: 00204454) resigned from the Directorship of the Company with effect from 28<sup>th</sup> April, 2015. The Board places on record its sincere appreciation of the valuable advice rendered by Mr. Choksey during his tenure as Director of the Company.

## MEETINGS OF THE BOARD

Your Board of Directors met four times during the year under review i.e. on 28<sup>th</sup> April, 2015, 21<sup>st</sup> July, 2015, 29<sup>th</sup> October, 2015 & 27<sup>th</sup> January, 2016. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as follows:

Name of Director	No. of meetings attended out of 4
Mr. P. N. Shah	4
Mr. Nikhil Sohoni	2
Mr. Hemant Sikka	3
Mr. Ketan Doshi	4
Mr. A. M. Choksey*	1

\* Mr. A. M. Choksey resigned from the Directorship of the Company with effect from 28<sup>th</sup> April, 2015.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the Directors had 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;

- the Directors had prepared the annual accounts on a going concern basis; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## CODES OF CONDUCT

Your Company has adopted separate Codes of Conduct for Corporate Governance for its Directors and Senior Management Personnel and Employees ("the Codes"). The Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors and the Senior Management Personnel and Employees of the Company affirming compliance with the respective Codes.

## KEY MANAGERIAL PERSONNEL

Your Company is not required to appoint any Key Managerial Person as it does not fall in the class of companies which shall have whole-time key managerial personnel in accordance with Section 203 of the Companies Act, 2013. However your Company has designated Mr. Ketan Doshi, Whole-time Director of the Company and Ms. Pallavi Ogale, Company Secretary as Key Managerial Person of the Company in accordance with the provisions of Section 203 of the Companies Act, 2013.

## AUDIT COMMITTEE

Your Company is not required to constitute an Audit Committee as it does not fall under such class of the Company which is required to constitute an Audit Committee as prescribed under Section 177 of Companies Act, 2013. However as a matter of good Corporate Governance and voluntary initiative, your Company continues to have an Audit Committee. The Committee presently comprises of Mr. Nikhil Sohoni (Chairman), Mr. P. N. Shah and Mr. Hemant Sikka.

The Committee met twice during the year i.e on 28<sup>th</sup> April, 2015 and 29<sup>th</sup> October, 2015.

The attendance at the meetings of the Audit Committee was as follows:

Director	Designation	No. of meetings attended out of 2
Mr. Nikhil Sohoni	Chairman	1
Mr. P. N. Shah	Member	2
Mr. Hemant Sikka	Member	1
Mr. A. M. Choksey*	Member	1

\* Mr. A. M. Choksey resigned from the Directorship of the Company with effect from 28<sup>th</sup> April, 2015.

#### NOMINATION AND REMUNERATION COMMITTEE

Your Company is not required to constitute a Nomination and Remuneration Committee as it does not fall under such class of the Company which is required to constitute a Nomination and Remuneration Committee as prescribed under Section 178 of Companies Act, 2013. However as a matter of good Corporate Governance and a voluntary initiative your Company continues to have a Nomination and Remuneration Committee. The Committee presently comprises of Mr. Hemant Sikka (Chairman), Mr. P. N. Shah and Mr. Nikhil Sohoni.

The Nomination & Remuneration Committee met twice during the year i.e. on 28<sup>th</sup> April, 2015 and 29<sup>th</sup> October, 2015.

The attendance at the meetings of the Nomination and Remuneration Committee was as follows:

Director	Designation	No. of meetings attended out of 2
Mr. Hemant Sikka	Chairman	1
Mr. P. N. Shah	Member	2
Mr. Nikhil Sohoni	Member	1
Mr. A. M. Choksey*	Member	1

\* Mr. A. M. Choksey resigned from the Directorship of the Company with effect from 28<sup>th</sup> April, 2015.

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Board of Directors of the Company was re-constituted during the year under review. The Committee presently comprises of Mr. P. N. Shah (Chairman), Mr. Hemant Sikka, and Mr. Ketan Doshi.

The Corporate Social Responsibility Committee met once during the year i.e. on 28<sup>th</sup> April, 2015.

The attendance at the meetings of the Corporate Social Responsibility Committee was as follows:

Director	Designation	No. of meetings attended
Mr. P. N. Shah	Chairman	1
Mr. Ketan Doshi	Member	1
Mr. Hemant Sikka	Member	0
Mr. A. M. Choksey*	Member	1

\* Mr. A. M. Choksey resigned from the Directorship of the Company with effect from 28<sup>th</sup> April, 2015.

#### CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Company has adopted Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the

Corporate Social Responsibility Committee, in accordance with the provisions of Companies Act, 2013.

The objective of this policy is to promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact. The Policy also seeks to ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

In the current year, the CSR spend of your Company was Rs. 42.83 Lacs. The focus was on improvement in the domains of education, health and environment within the vicinity of work place.

The emphasis was on promoting preventive health care, sanitation and making available safe drinking water.

Annual Report on Corporate Social Responsibility activities of the Company is furnished in Annexure I and attached to this report.

#### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review, Human Resources and Industrial Relations remained cordial.

#### RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including therein identification therein the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

#### AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 117364W) were appointed as Auditors for a period of 5 years i.e. from the conclusion of the ninth Annual General Meeting until the conclusion of the fourteenth Annual General Meeting and fix their remuneration. In view of the same ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. The Board of Directors of the Company recommends ratification of their appointment at the ensuing Annual General Meeting of the Company.

M/s. Deloitte Haskins & Sells, Chartered Accountants, have given written consent to act as Statutory Auditors of your Company if their re-appointment is ratified and have also confirmed that the said appointment would be in conformity with the provisions of Section 139 and 141 of Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their Report.

## REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished in Annexure III to this Report.

## PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act during the year under review.

Your Company has not made any loans/advance which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent Company, Mahindra and Mahindra Limited.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company with related parties were in the ordinary course of business and on arms' length basis. During the year under review, the Company has not entered into any contracts/arrangements/transactions with related parties which could be considered material.

Hence pursuant to Section 134(3)(h) there are no transactions requiring reporting of the particulars thereof in the report.

## EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is provided as Annexure II which forms a part of this Annual Report.

## INTERNAL CONTROLS

Your Company has implemented an Internal Financial Control with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. Corporate Management Services Department of the holding Company,

Mahindra and Mahindra Limited, regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and representative(s) from Corporate Management Services of Mahindra and Mahindra Limited are invited to attend Audit Committee meetings.

## SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at warehouse are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

## THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review no complaints were received under the The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013 and rules framed thereunder.

## GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme save and except ESOS referred to in this Report.
4. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
5. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

## ACKNOWLEDGEMENTS

Your Directors acknowledge the co-operation and assistance received from the shareholders of the Company, vendors, dealers, bankers, employees and Government authorities for their support during this crucial year of the operation of the Company.

**For and on behalf of the Board**

**P. N. Shah  
Chairman**

Mumbai, 25<sup>th</sup> April, 2016



**ANNEXURE I TO THE DIRECTORS' REPORT****ANNUAL REPORT ON CSR ACTIVITIES**

- (1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.

The objective of your Company's CSR policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner through the employee volunteering programme called ESOPs.

- (2) The Composition of the CSR Committee.

Mr. P. N. Shah

Mr. Hemant Sikka

Mr. Ketan Doshi

- (3) Average net profit of the Company for last three financial years

(Rupees in lakhs)

Particulars	F.Y.-15	F.Y.-14	F.Y.-13	Average
Profit Before Tax	2,060.91	2,059.94	2,101.36	2,074.07

- (4) Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above): Rs. 41.48 Lacs

- (5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: Rs. 41.48 Lacs

(b) Amount unspent, if any; Nil

(c) Manner in which the amount spent during the financial year is detailed below:

- Dining hall for school children.
- Water tank cleaning and facility for drinking water.
- Sanitation for school children (Toilets and urinals).
- Construction of compound wall (Security).

Sr. No.		1.	2.	Total
(1)	CSR project or activity identified	Jilla Parishad School, Jaulke	Contribution to K. C. Mahindra Education Trust	
(2)	Sector in which the project is covered	Sanitation facilities	Education	
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Local Ozar, Maharashtra	Other Udaipur & Pratapgarh, Rajasthan	
(4)	Amount outlay (budget project or programme wise	20.74 Lacs	20.74 Lacs	41.48 Lacs
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	22.09 Lacs Nil	20.74 Lacs Nil	42.83 Lacs
(6)	Cumulative expenditure up to the reporting period	22.09 Lacs	20.74 Lacs	42.83 Lacs
(7)	Amount Spent direct or through implementing agency	Direct	Paid to K. C. Mahindra Education Trust (implementing Agency)	

\* Give details of implementing agency:

K. C. Mahindra Education Trust: Providing education support to girl child.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: **Not applicable**
7. Your Company's Corporate Social Responsibility Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-	Sd/-
<b>Ketan Doshi</b> Whole-time Director	<b>P. N. Shah</b> Chairman

Mumbai, 25<sup>th</sup> April 2016

## ANNEXURE II TO THE DIRECTORS' REPORT

### PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

##### (A) Conservation of energy-

- (i) The steps taken or impact on conservation of energy:  
The operations of your Company are not energy-intensive, as the Company utilises the services of a third party for packaging of the spare parts. However, the Company constantly reviews the consumption of electricity and its rationalization.
- (ii) The steps taken by the Company for utilizing alternate sources of energy:  
Not Applicable
- (iii) The capital investment on energy conservation equipment: Nil

##### (B) Technology absorption:

- (i) The efforts made towards technology absorption:  
None
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year: Not Applicable

(iv) The expenditure incurred on Research and Development. Nil

##### (C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year: Rs. 117.61 Lacs

The Foreign Exchange outgo during the year in terms of actual outflows: Rs. 1,708.87 Lacs

**For and on behalf of the Board**

**P. N. Shah  
Chairman**

Mumbai, 25<sup>th</sup> April 2016

**ANNEXURE III TO THE DIRECTORS' REPORT**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31<sup>st</sup> March, 2016**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:-	U34100MH2005PTC153702
ii)	Registration Date	02/06/2005
iii)	Name of the Company	Mahindra Automobile Distributor Private Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/ Non-Government Indian Company
v)	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai 400 001. Tel: +91 22 24901441 Fax: +91 22 24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the Company
1	Sale of motor vehicle parts and accessories	45300	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	HOLDING	74%	2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	9,50,000	9,50,000	95	–	9,50,000	9,50,000	95	–
e) Banks/Fl	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
<b>Sub-total A (1):-</b>	–	9,50,000	9,50,000	95	–	9,50,000	9,50,000	95	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
<b>Sub-total A (2):-</b>	–	–	–	–	–	–	–	–	–
<b>Total shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	–	<b>9,50,000</b>	<b>9,50,000</b>	<b>95</b>	–	<b>9,50,000</b>	<b>9,50,000</b>	<b>95</b>	–
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-total (B)(1):-</b>	–	–	–	–	–	–	–	–	–
<b>2. Non-Institutions</b>									
a) Body Corp. (i) Indian (ii) Overseas	–	50,000	50,000	5	–	50,000	50,000	5	–
b) Individual									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
<b>Sub-total (B)(2):-</b>	–	<b>50,000</b>	<b>50,000</b>	<b>5</b>	–	<b>50,000</b>	<b>50,000</b>	<b>5</b>	–
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	–	<b>50,000</b>	<b>50,000</b>	<b>5</b>	–	<b>50,000</b>	<b>50,000</b>	<b>5</b>	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	–	<b>10,00,000</b>	<b>10,00,000</b>	<b>100</b>	–	<b>10,00,000</b>	<b>10,00,000</b>	<b>100</b>	–

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	7,40,000	74	Nil	7,40,000	74	Nil	–
2	Mahindra Holdings Limited	2,10,000	21	Nil	2,10,000	21	Nil	–
	<b>Total</b>	<b>9,50,000</b>	<b>95</b>	<b>Nil</b>	<b>9,50,000</b>	<b>95</b>	<b>Nil</b>	–

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

There is no change in Promoters' Shareholding

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Infina Finance Private limited				
	At the beginning of the year	50,000	5	50,000	5
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the year(or on the date of separation, if separated during the year)	50,000	5	50,000	5

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
	At the end of the year	Nil	Nil	Nil	Nil

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b>	Nil	Nil	Nil	Nil
• Addition				
• Reduction				
<b>Net change</b>				
<b>Indebtedness at the end of the financial year</b>	Nil	Nil	Nil	Nil
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

(Rupees in Lakhs)

Sr. No	Particulars of Remuneration	Ketan Doshi, Whole-time Director	Total Amount
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	57.01	57.01
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961		
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- As % of Profit		
	- Others, specify...		
5.	Others, please specify	-	-
	Total (A)	57.01	57.01
	Ceiling as per the Act	As per Schedule V of Companies Act, 2013	

**B. Remuneration of other directors:**

Particulars of Remuneration	Name of Directors				Total Amount
	P. N. Shah	Hemant Sikka (w.e.f. 28 <sup>th</sup> April, 2015)	Nikhil Sohoni (w.e.f. 28 <sup>th</sup> April, 2015)	A. M. Choksey (upto 28 <sup>th</sup> April, 2015)	
3. Independent Directors	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
• Fee for attending board/committee meetings					
• Commission					
• Others, please specify					
<b>Total (1)</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
4. Other Non-Executive Directors					
• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	
• Commission					
• Others, please specify					
<b>Total (2)</b>	Nil	Nil	Nil	Nil	
<b>Total B = (1+2)</b>	Nil	Nil	Nil	Nil	Nil
Ceiling as per the Act	As per Schedule V of Companies Act, 2013				

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Rupees in Lakhs)

Sr. No	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Pallavi Ogale, Company Secretary	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	43.23	43.23
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961		
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		

(Rupees in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Pallavi Ogale, Company Secretary	
4.	Commission – As % of Profit – Others, specify...		
5.	Others, please specify		
	<b>Total</b>	<b>43.23</b>	<b>43.23</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
<b>A. COMPANY</b>						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
<b>B. DIRECTORS</b>						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
<b>C. OTHER OFFICERS IN DEFAULT</b>						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

P. N. Shah  
ChairmanMumbai, 25<sup>th</sup> April 2016

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA AUTOMOBILE DISTRIBUTOR PRIVATE LIMITED

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of **MAHINDRA AUTOMOBILE DISTRIBUTOR PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
    - ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**Kedar Rajee**  
Partner  
(Membership No. 102637)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016



## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **MAHINDRA AUTOMOBILE DISTRIBUTOR PRIVATE LIMITED** (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm’s Registration No. 117364W)

**Kedar Rajee**  
Partner  
(Membership No. 102637)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date)

1. In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The fixed assets have been physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the assets at reasonable intervals. According to information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
2. In respect of its inventories:
  - a. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013, being a deemed manufacturer as per Section 4A of Central Excise Act 1944. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
  - c. There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31<sup>st</sup> March, 2016 on account of disputes.
8. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
11. The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
13. The Company is a private company and hence the provisions of Section 177 and Section 188 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.
14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
16. The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm’s Registration No. 117364W)

**Kedar Rajee**  
**Partner**  
(Membership No. 102637)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note	As at 31 <sup>st</sup> March, 2016 Rupees Lacs	As at 31 <sup>st</sup> March, 2015 Rupees Lacs
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital .....	3	100.00	100.00
(b) Reserves and surplus .....	4	801.18	798.29
		<u>901.18</u>	<u>898.29</u>
<b>2 Non-current liabilities</b>			
(a) Other long-term liabilities.....	5	4.99	4.22
(b) Long-term provisions .....	6	2.91	2.19
		<u>7.90</u>	<u>6.41</u>
<b>3 Current liabilities</b>			
(a) Trade payables.....		-	-
(i) Due to Micro & Small Enterprises .....		3.37	4.09
(ii) Due to creditors other than Micro and Small Enterprises .....	7	771.87	738.48
(b) Other current liabilities.....	8	243.62	243.29
(c) Short-term provisions.....	9	1,461.97	1,416.28
		<u>2,480.83</u>	<u>2,402.14</u>
<b>TOTAL.....</b>		<u><u>3,389.91</u></u>	<u><u>3,306.84</u></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets .....	10	12.91	14.78
(b) Deferred tax assets (net) .....	11	1.51	-
(c) Long-term loans and advances.....	12	1.85	1.85
		<u>16.27</u>	<u>16.63</u>
<b>2 Current assets</b>			
(a) Current investments.....	13	498.00	1,423.00
(b) Inventories .....	14	612.24	646.70
(c) Trade receivables .....	15	108.12	23.27
(d) Cash and cash equivalents .....	16	223.53	1,172.62
(e) Short-term loans and advances .....	17	1,925.82	14.63
(f) Other current assets .....	18	5.93	9.99
		<u>3,373.64</u>	<u>3,290.21</u>
<b>TOTAL.....</b>		<u><u>3,389.91</u></u>	<u><u>3,306.84</u></u>

The accompanying note 1 to 26 are an integral part of Financial Statements

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kedar Rajee**  
Partner

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016.

**For and on behalf of the Board of Directors**

<b>P. N. Shah</b>	Chairman
<b>Nikhil Sohoni</b> <b>Hemant Sikka</b>	Directors
<b>Ketan Doshi</b>	CEO & Wholetime Director
<b>Pallavi Ogale</b>	Company Secretary

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016.

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note	For the year ended 31 <sup>st</sup> March, 2016 Rupees Lacs	For the year ended 31 <sup>st</sup> March, 2015 Rupees Lacs
1 Revenue from operations (gross).....	19	8,189.71	8,363.04
Less: Excise duty .....	19	(899.39)	(908.88)
Revenue from operations (net).....		7,290.32	7,454.16
2 Other income.....	20	235.19	292.11
<b>3 Total revenue (1+2).....</b>		<b>7,525.51</b>	<b>7,746.27</b>
<b>4 Expenses</b>			
(a) Purchases of stock-in-trade .....	21.a	3,839.41	3,641.36
(b) Changes in inventories of stock-in-trade .....	21.b	34.45	535.77
(c) Employee benefits expense .....	22	38.80	30.48
(d) Finance costs .....	23	2.51	0.22
(e) Depreciation .....		1.87	0.97
(f) Other expenses.....	24	1,442.87	1,476.56
		<b>5,359.91</b>	<b>5,685.36</b>
<b>5. Profit before tax (3 – 4) .....</b>		<b>2,165.60</b>	<b>2,060.91</b>
<b>6. Tax expenses:</b>			
(a) Current tax.....		744.00	680.00
(b) Deferred tax (net) .....		(1.51)	–
		<b>742.49</b>	<b>680.00</b>
<b>7. Profit for the year (5 – 6).....</b>		<b>1,423.11</b>	<b>1,380.91</b>
<b>8. Earnings per equity share (of Rs. 10/- each):</b>			
Basic & Diluted.....	25.11	142.31	138.09

The accompanying note 1 to 26 are an integral part of Financial Statements

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kedar Raje**  
Partner

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016.

**For and on behalf of the Board of Directors**

<b>P. N. Shah</b>	Chairman
<b>Nikhil Sohoni</b> <b>Hemant Sikka</b>	Directors
<b>Ketan Doshi</b>	CEO & Wholetime Director
<b>Pallavi Ogale</b>	Company Secretary

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	For the year ended 31 <sup>st</sup> March, 2016		For the year ended 31 <sup>st</sup> March, 2015	
	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs
<b>A. Cash flow from operating activities</b>				
Profit before tax .....		2,165.60		2,060.91
<u>Adjustment for</u>				
Depreciation .....	1.87		0.97	
Finance costs .....	2.51		0.22	
Interest income.....	(142.09)		(135.26)	
Dividend income .....	(54.06)		(77.19)	
(Gain)/Loss on sale of investments (Net) .....	(2.71)		(3.61)	
Unrealised exchange (gain)/loss (Net) .....	(1.11)	(195.59)	(1.49)	(216.36)
Operating profit before working capital changes .....		1,970.01		1,844.55
<u>Changes in working capital:</u>				
Inventories .....	34.46		535.77	
Trade receivables .....	(84.74)		20.32	
Short-term loans and advances .....	(11.19)		15.43	
Trade and other payables.....	35.49	(25.98)	(324.91)	246.60
Cash generated from operations.....		1,944.03		2,091.15
Net income tax paid.....		(746.45)		(680.00)
<b>Net cash flow from operating activities (A) .....</b>		<b>1,197.58</b>		<b>1,411.15</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets.....	-	-	(15.75)	(15.75)
Purchase of current investments .....	(60,075.00)		(75,507.00)	
Sale of current investments .....	61,002.71	927.71	74,217.61	(1,289.39)
Inter Corporate Deposits given.....	(1,900.00)		-	
Inter Corporate Deposits refunded.....	-	(1,900.00)	2,900.00	2,900.00
Dividend received.....	54.06		77.19	77.19
Interest received on inter corporate deposit.....	80.41		53.97	
Interest received on fixed deposit .....	65.74	200.21	72.24	126.21
<b>Net cash flow (used in)/from investing activities (B) .....</b>		<b>(772.08)</b>		<b>1,798.26</b>
<b>C. Cash flow from financing activities</b>				
Finance charges paid .....	(2.51)		(0.22)	
Dividends paid [including income tax on dividend Rs. 232.08 Lacs (2015 : Rs. 390.89 Lacs)].....	(1,372.08)	(1,374.59)	(2,690.89)	(2,691.11)
<b>Net cash flow (used in)/from financing activities (C) .....</b>		<b>(1,374.59)</b>		<b>(2,691.11)</b>

Particulars	For the year ended 31 <sup>st</sup> March, 2016		For the year ended 31 <sup>st</sup> March, 2015	
	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs
<b>Net (decrease)/increase in Cash and cash equivalents (A+B+C)</b>		<b>(949.09)</b>		518.30
Cash and cash equivalents at the beginning of the year.....		<b>1,172.62</b>		654.32
<b>Cash and cash equivalents at the end of the year (Note 16) .....</b>		<b>223.53</b>		1,172.62
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 16) .....		<b>223.53</b>		1,172.62
Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i> ) included in Note 16.....		<b>223.53</b>		1,172.62
<b>Cash and cash equivalents at the end of the year* .....</b>		<b>223.53</b>		1,172.62
* Comprises:				
(a) Cheques on hand.....		<b>2.25</b>		2.25
(b) Balances with banks				
(i) In current accounts .....		<b>21.28</b>		60.37
(ii) In Fixed deposit account.....		<b>200.00</b>		1,110.00
		<b>223.53</b>		1,172.62

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kedar Raje**  
Partner

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016.

**For and on behalf of the Board of Directors**

<b>P. N. Shah</b>	Chairman
<b>Nikhil Sohoni</b> <b>Hemant Sikka</b>	Directors
<b>Ketan Doshi</b>	CEO & Wholetime Director
<b>Pallavi Ogale</b>	Company Secretary

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Nature of Operations

Mahindra Automobile Distributor Private Limited is in the business of trading in Spare Parts. It deals in spare parts required for four wheelers. The Company undertakes procurement, warehousing management, logistics and sale of imported and local spare parts. It has a network of dealers spread across India to ensure timely availability of spare parts to the customers. The Company also exports spare parts in small quantities. It mainly follows a cash & carry business model.

### 2 Significant Accounting Policies

#### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

#### 2.3 Tangible Fixed Assets

- a) All tangible fixed assets are carried at cost of acquisition. Cost includes financing cost relating to borrowed funds attributable to construction or acquisition of qualifying fixed assets up to the date the asset is ready for use.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.

- b) Depreciation on assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

General plant and machinery (Injection Moulding Tool - Verito Knob) - 8 years

#### 2.4 Investments

Current investments are valued at the lower of cost and fair value, determined by category of investment.

#### 2.5 Inventories

Inventories comprise of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at lower of cost or net realizable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost or net realizable value, whichever is lower. Excise duty is included in the value of finished goods inventory.

#### 2.6 Foreign Exchange Transactions

Transactions in foreign currency are recorded at the daily exchange rates on days on which the transactions are effected. Exchange differences arising on settlement of revenue transactions are recognised in the Statement of Profit and Loss. Monetary items denominated in foreign currency are restated using the exchange rates prevailing at the date of the balance sheet. Gains/Losses arising on restatement and on settlement of such liabilities are recognized in the Statement of Profit and Loss.

Premium/Discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised at the Balance Sheet date over the period of the contracts if such contracts relate to monetary items.

#### 2.7 Revenue Recognition

Sale of products and income from services rendered are recognised when the products are shipped or service rendered.

#### 2.8 Employee Benefits

##### (i) Defined Contribution Plan:

Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognised in the Statement of Profit and Loss.

##### (ii) Defined Benefit Plan:

Company's liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of Profit and loss Account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e., determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and terms of the Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

#### 2.9 Product Warranty

In respect of warranties given by Company on sale of products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

#### 2.10 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

#### 2.11 Segment Reporting

The Company's business activity falls within a single business segment viz. 'Automotive'. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

#### 2.12 Cash Flow Statement

Cash flows are reported using the indirect method, as set out in Accounting Standard 3 "Cash Flow Statement" whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows are segregated on the basis of Operating, Investing & Financing activities of the company.

### 2.13 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### 2.14 Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### Note 3 Share capital

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	Rupees Lacs	Number of shares	Rupees Lacs
(a) Authorised				
Equity shares of Rs. 10/- each .....	400,000,000	40,000.00	400,000,000	40,000.00
(b) Issued, Subscribed and fully paid up				
Equity shares of Rs. 10/- each .....	1,000,000	100.00	1,000,000	100.00
<b>Total</b> .....	<b>1,000,000</b>	<b>100.00</b>	<b>1,000,000</b>	<b>100.00</b>

#### Notes:

- (i) Right, preferences and restrictions attached to equity shares.

The company has one class of Equity shares having a face value of Rs. 10. Each shareholder is eligible for one vote per share held. The equity shares of the company rank *pari-passu* in all respects including voting rights and entitlement to dividend.

- (ii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Adjustments	Closing Balance
Equity shares			
Year ended 31 <sup>st</sup> March, 2016			
– Number of shares .....	1,000,000	–	1,000,000
– Amount (Rupees Lacs) .....	100.00	–	100.00
Year ended 31 <sup>st</sup> March, 2015			
– Number of shares .....	1,000,000	–	1,000,000
– Amount (Rupees Lacs) .....	100.00	–	100.00

- (iii) Details of shares held by each shareholder holding more than 5% shares, and details of shares held by the holding and their subsidiaries:

Class of shares/ Name of shareholder	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Mahindra & Mahindra Limited, the holding Company .....	740,000	74%	740,000	74%
Mahindra Holdings Limited, the Subsidiary of the holding Company .....	210,000	21%	210,000	21%

### Note 4 Reserves and surplus

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(a) General reserve		
Balance at the beginning of the year	412.50	412.50
Balance at the end of the year	412.50	412.50
(b) Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	385.79	376.96
Add: Profit for the year	1,423.11	1,380.91
Less: Proposed Dividend (2015 : 114/- per share)	(1,180.00)	(1,140.00)
Tax on dividend paid	(240.22)	(232.08)
Balance at the end of the year	388.68	385.79
<b>Total</b>	<b>801.18</b>	<b>798.29</b>

### Note 5 Other long-term liabilities

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(i) Provision for gratuity (Refer Note 25.8.b)	2.99	2.22
(ii) Dealer Deposit	2.00	2.00
<b>Total</b>	<b>4.99</b>	<b>4.22</b>

### Note 6 Long-term provisions

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Provision for employee benefits:		
Provision for compensated absences	2.91	2.19
<b>Total</b>	<b>2.91</b>	<b>2.19</b>

### Note 7 Trade payables

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
* Trade payables:		
Due to creditors other than Micro & Small Enterprises	656.42	588.42
Accrued Expenses	115.45	150.06
<b>Total</b>	<b>771.87</b>	<b>738.48</b>

\* Trade payables are dues in respect of goods purchased or services received (including from employees, professionals and others under contract) in the normal course of business.



**Note 8 Other current liabilities**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(a) Other payables		
(i) Government dues & taxes	79.57	19.13
(ii) Advances from customers	164.05	224.16
<b>Total</b>	<b>243.62</b>	<b>243.29</b>

There are no amounts due and outstanding to be credited to the Investor Education & Protection Fund.

**Note 9 Short-term provisions**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(a) Provision – Others:		
(i) Provision for tax (net of advance tax Rs. 746.45 Lacs)	41.75	44.20
(ii) Provision for proposed equity dividend	1,180.00	1,140.00
(iii) Provision for tax on proposed dividends	240.22	232.08
<b>Total</b>	<b>1,461.97</b>	<b>1,416.28</b>

**Note 10 Fixed assets**

Tangible assets	Gross block			Accumulated Depreciation			Impairment		Net Block	Net Block	
	Balance as at 1 <sup>st</sup> April, 2015	Additions during the year	Deletions during the year	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 1 <sup>st</sup> April, 2015	Depreciation for the year	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 1 <sup>st</sup> April, 2015	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs
(a) Plant and Equipment	15.75	-	-	15.75	0.97	1.87	2.84	-	-	12.91	14.78
	(-)	(15.75)	(-)	(15.75)	(-)	(0.97)	(0.97)	(-)	(-)	(14.78)	(-)
(b) Office equipment	0.49	-	-	0.49	0.04	-	0.04	0.45	0.45	-	-
	(0.49)	(-)	(-)	(0.49)	(0.04)	(-)	(0.04)	(0.45)	(0.45)	(-)	(-)
<b>Grand Total</b>	<b>16.24</b>	<b>-</b>	<b>-</b>	<b>16.24</b>	<b>1.01</b>	<b>1.87</b>	<b>2.88</b>	<b>0.45</b>	<b>0.45</b>	<b>12.91</b>	<b>14.78</b>
<b>Previous Period</b>	<b>0.49</b>	<b>15.75</b>	<b>-</b>	<b>16.24</b>	<b>0.04</b>	<b>0.97</b>	<b>1.01</b>	<b>0.45</b>	<b>0.45</b>	<b>14.78</b>	<b>-</b>

**Note:**

Figures given in bracket pertains to previous year.

**Note 11 Deferred tax (liability)/asset**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
<b>Deferred tax (liability)/asset</b>		
Depreciation on fixed assets	(0.53)	-
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	2.04	-
<b>Net deferred tax (liability)/asset</b>	<b>1.51</b>	<b>-</b>

In accordance with accounting standard - 22 (AS - 22) "Accounting for taxes on Income" the company has considered the effect of timing differences and accordingly accounted for deferred tax.

**Note 12 Long-term loans and advances**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(a) Security deposits		
Unsecured, considered good	0.37	0.37
(b) Advance income tax – Unsecured, considered good	1.48	1.48
<b>Total</b>	<b>1.85</b>	<b>1.85</b>

**Note 13 Current investments**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Unquoted Rupees Lacs	Unquoted Rupees Lacs
Investment in mutual funds (Refer Note (i) below)	498.00	1,423.00
<b>Total - Other current investments</b>	<b>498.00</b>	<b>1,423.00</b>

**Note (i)**

Investment in mutual funds:-	Face Value Per Unit (Rupees)	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
		Unquoted Number	Unquoted Rupees Lacs	Unquoted Number	Unquoted Rupees Lacs
Particulars					
<b>Other current investments (At lower of cost and fair value, unless otherwise stated)</b>					
<b>Liquid Funds : Growth Scheme</b>					
Sundaram Money Fund-Reg(G)	10	317,065.67	101.00	1,696,928.56	500.00
Kotak Floater-ST(G)	1,000	16,012.43	397.00	-	-
Birla SL FRF-Short Term Plan(G)	100	-	-	268,892.38	500.00
Principal Cash Management Fund(G)	1,000	-	-	31,160.27	423.00
<b>Total</b>			<b>498.00</b>		<b>1,423.00</b>

**Note 14 Inventories**

(At lower of cost and net realisable value)

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Stock-in-trade	559.20	646.70
Goods-in-transit	53.04	-
<b>Total</b>	<b>612.24</b>	<b>646.70</b>

**Note 15 Trade receivables (Unsecured, Considered Good)**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Outstanding for a period exceeding six months from the date they were due for payment	1.24	0.17
Other	106.88	23.10
<b>Total</b>	<b>108.12</b>	<b>23.27</b>

**Trade Receivables include dues from related parties**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Outstanding for a period exceeding six months from the date they were due for payment	-	-
Other		
Mahindra and Mahindra Limited	1.33	0.66

**Note 16 Cash and cash equivalents**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(a) Cheques on hand	2.25	2.25
(b) Balances with banks		
(i) In current accounts	21.28	60.37
(ii) In Fixed deposit accounts with original maturity less than 3 months	200.00	1,110.00
<b>Total</b>	<b>223.53</b>	<b>1,172.62</b>

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is

223.53      1,172.62

**Note 17 Short-term loans and advances (Unsecured, Considered Good)**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(a) Prepaid expenses	2.98	2.76
(b) Inter-corporate deposits	1,900.00	-
(c) Excise Duty Recoverable	8.70	10.90
(d) Others Receivable	14.14	0.97
<b>Total</b>	<b>1,925.82</b>	<b>14.63</b>

Short term loans and advances include inter corporate deposit given to Mahindra Two Wheelers Private Limited Rs. 1500 Lacs, (2015 : Nil).

**Note 18 Other current assets**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Accruals		
(i) Interest accrued but not received on Fixed Deposit	1.51	9.99
(ii) Interest accrued but not received on Inter Corporate Deposit	4.42	-
<b>Total</b>	<b>5.93</b>	<b>9.99</b>

**Note 19 Revenue from operations**

Particulars	For the	For the
	year ended 31 <sup>st</sup> March, 2016	year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(a) Sale of products (Refer Note (i) below)	8,189.71	8,363.04
(b) Less: Excise duty	(899.39)	(908.88)
<b>Total</b>	<b>7,290.32</b>	<b>7,454.16</b>

**Note (i)**

Particulars	For the	For the
	year ended 31 <sup>st</sup> March, 2016	year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
<u>Sale of products - Traded goods</u>		
Body Repair Parts	1,404.40	1,553.28
Maintenance Parts	2,257.26	2,386.46
Mechanical Parts	3,643.50	3,897.47
Other Parts	884.55	525.83
<b>Total - Sale of products</b>	<b>8,189.71</b>	<b>8,363.04</b>

**Note 20 Other income**

Particulars	For the	For the
	year ended 31 <sup>st</sup> March, 2016	year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(a) Interest Income - Others		
(i) Interest on Deposits with Banks	57.26	81.29
(ii) Interest on Inter Corporate Deposits	84.83	53.97
	142.09	135.26
(b) Dividend income from current investments	54.06	77.19
(c) Profit on sale of current investments (Net)	2.62	3.61
(d) Net gain on foreign currency transactions and translation	9.23	50.99
(e) Provisions no longer required written back	24.41	-
(f) Other Income	2.78	25.06
<b>Total</b>	<b>235.19</b>	<b>292.11</b>

**Note 21.a Purchase of traded goods**

Particulars	For the	For the
	year ended 31 <sup>st</sup> March, 2016	year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Body Repair Parts	591.43	662.75
Maintenance Parts	1,062.23	1,125.96
Mechanical Parts	1,566.65	1,585.56
Other Parts	619.10	267.09
<b>Total</b>	<b>3,839.41</b>	<b>3,641.36</b>

**Note 21.b Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Particulars	For the	For the
	year ended 31 <sup>st</sup> March, 2016	year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
<u>Stock in Trade</u>		
Inventory at the beginning of the year	646.70	1,182.46
Less: Inventory at the end of the year	612.24	646.70
<b>Net (increase)/decrease</b>	<b>34.45</b>	<b>535.77</b>

**Note 22 Employee benefits expense**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Salaries and wages	33.52	28.42
Contribution to provident and other funds (Refer Note 25.8.a)	1.55	1.38
Gratuity Expenses	0.77	0.54
Expenses on Employee stock option plan (ESOP)*	1.69	–
Staff welfare expenses	1.27	0.14
<b>Total</b>	<b>38.80</b>	<b>30.48</b>

\* ESOP Expenses represents reimbursement of cost to holding company, towards ESOP's granted by the Holding company to the employees of the company.

**Note 23 Finance costs**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Interest expense on:		
(i) Trade payables - Micro and Small Enterprises	0.02	0.01
(ii) Others		
– Interest others	2.49	0.21
<b>Total</b>	<b>2.51</b>	<b>0.22</b>

**Note 24 Other expenses**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Consumption of packing materials	65.97	71.39
Service Charges	299.36	280.87
Warehouse Charges	519.60	530.53
Rent including lease rentals	44.97	42.74
Repairs and maintenance	–	0.16
Insurance	0.82	5.51
Rates and taxes	5.19	2.40
Freight and forwarding	275.11	296.65
Advertisement	103.06	108.66
Dealer Incentive	15.00	36.20
Expenditure on Corporate Social Responsibility	42.83	43.66
Legal and professional	18.64	30.63
Payments to auditors (Refer Note (i) below)	11.42	9.46
Bad debts and Loans and advances written off	0.03	0.01
Royalty Expense (Net)	32.74	5.49
Miscellaneous expenses	8.13	12.20
<b>Total</b>	<b>1,442.87</b>	<b>1,476.56</b>

**Notes (i):**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors – statutory audit	6.53	4.00
For taxation matters	3.75	5.00
For other services	0.80	0.40
Reimbursement of expenses	0.34	0.06
<b>Total</b>	<b>11.42</b>	<b>9.46</b>

**Note 25 Additional information to the financial statements**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs

**25.1 Contingent liabilities**

(i) Disputed Liabilities in appeal		
(a) Interest on Income Tax (demand)	–	1.96

**25.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3.37	4.09
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.02	0.01
(iv) The amount of interest due and payable for the year	–	–
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**25.3 Details on derivatives instruments and unhedged foreign currency exposures**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency
Rupees Lacs	FC in Lacs (Euro)	Rupees Lacs	FC in Lacs (Euro)
(116.62)	(1.54)	(57.37)	(0.84)
2.52	0.03	10.17	0.15

**25.4 Value of imports calculated on CIF basis**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Spare parts	1,676.00	1,542.61

**25.5 Expenditure in foreign currency**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Royalty	32.87	31.64

**25.6 Details of consumption of imported and indigenous items\***

Particulars	For the year ended 31 <sup>st</sup> March, 2016	
	Rupees Lacs	%
<b>Imported</b>		
Spare parts	1,713.81 (2,127.34)	44.24% 50.93%

(Note: Figures/percentages in brackets relates to the previous year)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	
	Rupees Lacs	%
<b>Indigenous</b>		
Spare parts	2,160.06 (2,049.79)	55.76% 49.07%

(Note: Figures/percentages in brackets relates to the previous year)

\* includes items other than purchases

**25.7 Earnings in foreign exchange**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lacs	Rupees Lacs
Export of goods calculated on FOB basis	117.61	78.39
<b>Total</b>	<b>117.61</b>	<b>78.39</b>

**25.8 Employee benefit plans**

**25.8.a Defined contribution plans**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 1.09 Lacs (Year ended 31<sup>st</sup> March, 2015 Rs. 1.005 Lacs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**25.8.b Defined benefit plans**

The Company offers the following employee benefit schemes to its employees:

Gratuity:

The Company has a plan towards gratuity, a defined benefit retirement plan covering eligible employees at retirement, death while in employment or on termination of employment in an amount as per policy payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company has only 3 employees on its payroll as of 31<sup>st</sup> March, 2016, hence the company has made valuations at full value rather than obtaining actuarial valuation. Provision for gratuity made on arithmetical basis of Rs. 2.99 Lacs for employees (2015, Rs. 2.22 Lacs).

**25.9 Segment information**

Information about Geographical segment is as follows:

(Rs. in Lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2016			For the year ended 31 <sup>st</sup> March, 2015		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	7,169.62	120.70	7,290.32	7,369.54	87.70	7,457.24
Segment Asset	3,387.45	2.46	3,389.91	3,295.02	11.82	3,306.84

**25.10 Related party transactions**

**Details of related parties:**

Description of relationship	Names of related parties
Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary	Mahindra Holdings Limited
Fellow Subsidiary	NBS International Limited
Fellow Subsidiary	Mahindra First Choice Services Limited
Fellow Subsidiary	Mahindra Reva Electric Vehicles Private Limited
Fellow Subsidiary	Mahindra Integrated Business Solution Private Limited
Fellow Subsidiary	Mahindra Two Wheeler Private Limited
Fellow Subsidiary	Mahindra Holidays & Resorts India
Key Management Personnel	Mr. Ketan Doshi

Note: Related parties have been identified by the Management.

Note: Figures in bracket relates to the previous year.

	(Rs. in Lacs)									
	Details of related party transactions during the year ended 31 <sup>st</sup> March, 2016 and balances outstanding as at 31 <sup>st</sup> March, 2016:									
	Mahindra & Mahindra Limited	Mahindra Holdings Limited	NBS International Limited	Mahindra First Choice Services Limited	Mahindra Reva Electric Vehicles Private Limited	Mahindra Integrated Business Solution	Mahindra Two Wheeler Pvt Ltd	Mahindra Holidays & Resorts India	Mr. Ketan Doshi	Total
Purchase of goods	414.68 (480.73)	- (-)	4.73 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	419.41 (480.73)
Sale of goods	14.59 (2.43)	- (-)	31.22 (36.41)	9.84 (21.71)	- (-)	- (-)	- (-)	- (-)	- (-)	55.65 (60.55)
Receiving of services	968.62 (944.87)	- (-)	- (-)	- (-)	- (-)	16.93 (16.90)	- (-)	- (0.28)	- (-)	985.55 (962.05)
Rent Expenses	51.14 (48.02)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	51.14 (48.02)
Interest Income	-	-	-	-	-	-	76.28 (52.60)	-	-	76.28 (53.97)
Reimbursements received from parties	9.37 (1.78)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	9.37 (1.78)
Reimbursements made to parties	30.72 (1,549.11)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	30.72 (1,549.11)
Interest Expenses	-	-	-	0.14 (0.14)	- (-)	- (-)	- (-)	- (-)	- (-)	0.14 (0.14)
Managerial Remuneration	-	-	-	-	-	-	-	-	57.01 (53.93)	57.01 (53.93)
Dividend Paid	843.60 (1,702.00)	239.40 (483.00)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,083.00 (2,185.00)
Inter Corporate Deposit Given	-	-	-	-	-	-	1,500.00	-	-	1,500.00
Inter Corporate Deposit Received	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(2,400.00)	-	-	(2,900.00)
<u>Balances outstanding at the end of the year</u>										
Trade receivables	1.33 (0.66)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1.33 (0.66)
Trade payables	193.00 (197.92)	- (-)	1.96 (0.60)	1.86 (2.57)	- (-)	0.78 (1.66)	- (-)	- (-)	- (-)	197.60 (202.75)
Inter Corporate Deposit Receivable	-	-	-	-	-	-	1,500.00	-	-	1,500.00
Dealer deposit	-	-	-	2.00 (2.00)	- (-)	- (-)	- (-)	- (-)	- (-)	2.00 (2.00)

**Note 25.11 Earnings per share**

<b>Particulars</b>	<b>For the</b>	For the
	<b>year ended</b>	year ended
	<b>31<sup>st</sup> March,</b>	31 <sup>st</sup> March,
	<b>2016</b>	2015
	<b>Rupees Lacs</b>	Rupees Lacs
Amount used in numerator - Profit for the year	<b>1,423.11</b>	1,380.91
Weighted average number of equity shares used in computing basic earnings per share	<b>1,000,000</b>	1,000,000
Basic and Diluted earnings per share (Rs.) (Face value of Rs. 10 per share)	<b>142.31</b>	138.09

**Note 26 Previous year's figures**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

**P. N. Shah**  
Chairman

**Ketan Doshi**  
CEO & Wholetime Director

**Nikhil Sohoni**  
Director

**Hemant Sikka**  
Director

**Pallavi Ogale**  
Company Secretary

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016

## DIRECTORS' REPORT

Your Directors present their twentieth Report together with the audited financial statements of your Company for the year ended 31<sup>st</sup> March 2016.

### FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs. in Lakhs)	
	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
<b>Income</b>		
Revenue from Operations (Gross)	6,547.78	4,023.91
Less: Excise Duty	506.07	328.11
<b>Revenue from Operations (Net)</b>	<b>6,041.71</b>	<b>3,695.80</b>
Other Income	235.68	139.45
Total Income	6,277.39	3,835.25
<b>Expenses</b>		
Cost of Raw Material and Components Consumed	5,144.89	3,317.35
(Increase)/decrease in inventories	94.80	(100.72)
Employee Benefit Expenses	3,062.42	2,920.84
Other Expenses	4,047.07	3,157.96
Depreciation and Amortisation Expenses	2,619.09	3,288.83
Finance Costs	463.71	659.27
<b>Total Expenses</b>	<b>15,431.98</b>	<b>13,243.53</b>
<b>Loss Before Tax</b>	<b>9,154.59</b>	<b>9,408.28</b>
Provision for Tax	0.00	0.00
<b>Loss for the year from Continuing Operations</b>	<b>9,154.59</b>	<b>9,408.28</b>
Net Worth	15176.02	3364.84

No material changes and commitments have occurred after the close of the year till the date of this Report which affect the financial position of your Company.

#### YEAR UNDER REVIEW

Your Company's total income from operations (net) is higher by 63.47% mainly due to increase in sales volume.

During the year, your Company had started selling its European model right hand drive (RHD) product (e20) to United Kingdom. e20 is launched in London on 15<sup>th</sup> April, 2016 by Mr. Anand Mahindra at Design Museum.

Your company received following awards during the year:

- Excellence in Innovation, CSR, Training and Skill Management Award from Manufacturing Today.
- CII Design Excellence Award.

During the year under review also completed following marketing initiatives to boost the sales number:-

- Completed the nation's first all Electric car expedition across the length of the country from Kashmir to Kanyakumari covering more than 5300 Kms & 52 locations in just 30 days.

- Launched a 360° integrated goodness campaign covering news print, radio, digital, Social media and on ground activities increasing the brand awareness from 6.9% to 12.1% in just 8 months.

Currently, your Company is working on various initiatives and new products to increase the sales in next year. Your Company continued to invest in Research & Development and development of new EV models, which consumed a significant part of your Company's financial resources.

#### DIVIDEND

In view of the losses, your Directors do not recommend any dividend for the year under review.

#### SHARE CAPITAL

Pursuant to increase and reclassification of the authorised share capital carried out during the year under review, the authorised share capital of your Company was increased from Rs. 135,48,26,528/- divided into 13,54,82,650 Equity Shares of Rs. 10/- each and 1 class A preference share of Rs. 28/- to Rs. 250,00,00,000 divided into 25,00,00,000 Equity Shares of Rs. 10 each.

During the year under review, your Company issued 20,00,00,000 Compulsorily Convertible Warrants of Rs. 10 each for cash at premium and allotted 6,50,00,000 Equity Share of Rs. 10 each at a premium of Rs. 10/- per share and 3,77,99,039 equity share of Rs. 10 each at a premium of Rs. 10.90 per share against the exercise of equivalent number of compulsorily convertible warrants.

The issued, subscribed and paid up capital of your company thus stood at 138,55,27,880 as the end of the financial year under review.

#### BUSINESS OUTLOOK AND FUTURE PROSPECTS

During the course of the year, your Company increased its sales volumes by 60%. The growth has been primarily driven by leveraging the emergence of fleet applications for people transportation. The FAME scheme announced by the Indian Govt. also added a significant benefit.

In parallel, it invested in new technologies (High voltage, high capacity drivetrain) to expand its offerings within M&M's portfolio of vehicles (e-verito, e-supro, e-jeeto). Your Company also expanded its reach into Western Europe by preparing the product/distribution network for launching a european version of the e2o in London.

Investments made this year on new products for the domestic and global markets will place your Company well to expand its product line as well as markets in the near future.

#### CHANGE IN STATUS OF THE COMPANY.

With the approval of the shareholders and the Central Government, your Company was converted into Public Limited Company and became a public limited company with effect from 30<sup>th</sup> December, 2015 vide fresh certificate of incorporation issued by Registrar of Companies, Karnataka.

#### AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

Shareholders Agreement dated 26<sup>th</sup> May, 2010, entered into by and among Mahindra and Mahindra Limited, Promoters and the Company, had contained certain terms and conditions and rights and obligations as agreed between them and generally to regulate the relationship with/between M&M and the Promoter Group as shareholders of the Company.

Subsequent to the agreement among the parties, the said shareholder agreement was terminated and an amended and restated shareholders agreement, setting out the revised rights and obligations of M&M and the Promoter Group as shareholders of the Company, was executed on 9<sup>th</sup> December, 2015 and an addendum to the amended and restated shareholders agreement was entered into by and among the parties on 21<sup>st</sup> December, 2015.

#### HOLDING COMPANY

Upon the transfer of the entire shareholding by Mahindra and Mahindra Limited (M&M) to Mahindra Vehicle Manufacturers Limited (MVML), your Company ceased to be a subsidiary of M&M and became a subsidiary of MVML with effect from 30<sup>th</sup> December, 2015.

#### BOARD OF DIRECTORS

##### Composition:

Composition of the Board of Directors is follows: -

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non-Independent Director
Dr. Pawan Kumar Goenka (00254502)	Chairman	Non-Executive Director	Non-Independent Director
Mr. Pravin Shah (00056173)	Director	Non-Executive Director	Non-Independent Director
Mr. V S Parthasarathy (00125299)	Director	Non-Executive Director	Non-Independent Director
Mr. Sandeep Kumar Maini (01568787)	Director	Non-Executive Director	Non-Independent Director
Prof. Ashok Jhunjunwala (00417944)	Director	Non-Executive Director	Independent Director
Ms. Sonali Kulkarni (00203701)	Director	Non-Executive Director	Independent Director

Mr. Gautam Kumar Maini (DIN: 00667616) resigned as director with effect from 11<sup>th</sup> January, 2016 in pursuance to the execution of restated shareholders Agreement dated 9<sup>th</sup> December, 2015 and addendum to the shareholders Agreement dated 21<sup>st</sup> December, 2015.

Mr. Lon Bell (DIN: 01554635) resigned as Director, post closure of the financial year under review, on 27<sup>th</sup> April, 2016.

Your Board takes this opportunity to place on record the valuable contribution made by these directors during their association with the Company.

Your Company has received declarations from Prof. Ashok Jhunjunwala and Ms. Sonali Kulkarni, Independent Directors, to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

Mr. P N Shah and Dr. Pawan Kumar Goenka retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

All the directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified for appointment as Directors.

#### MEETINGS OF THE BOARD AND ANNUAL GENERAL MEETING:

The Board met four times during the year under review, i.e., on 29<sup>th</sup> April, 2015, 25<sup>th</sup> July, 2015, 15<sup>th</sup> October, 2015 and 28<sup>th</sup> January, 2016. The gap between two consecutive Board Meetings did not exceed 120 days.

The 19<sup>th</sup> Annual General Meeting (AGM) of the Company was held on 25<sup>th</sup> July, 2015.



The attendance at the meetings of the Board was as under:-

Name of Directors	No. of meetings attended
Dr. Pawan Kumar Goenka	4
Mr. V S Parthasarathy	4
Mr. Pravin Shah	4
Mr. Sandeep Maini	3
Mr. Gautam Kumar Maini*	0
Mr. Lon Bell	1
Ms. Sonali Kulkarni	3
Prof. Ashok Jhunjunwala	4

\*Resigned with effect from 11<sup>th</sup> January, 2016.

#### Meeting of Independent Directors

The Independent Directors of the Company met on 18<sup>th</sup> December, 2015 without the presence of the Chairman or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

#### COMMITTEES OF THE BOARD

##### Audit Committee

The Composition of Audit Committee is follows: -

Director	Designation
Mr. V S Parthasarathy	Chairman
Prof. Ashok Jhunjunwala	Member
Ms. Sonali Kulkarni	Member

The Audit Committee met four times during year under review, i.e., on 29<sup>th</sup> April, 2015, 25<sup>th</sup> July, 2015, 15<sup>th</sup> October, 2015 and 28<sup>th</sup> January, 2016.

The attendance at the meetings of the Audit Committee was as under:-

Name of Directors	No. of meetings attended
Mr. V S Parthasarathy	4
Ms. Sonali Kulkarni	3
Prof. Ashok Jhunjunwala	4

##### Nomination and Remuneration Committee

The composition of Nomination and Remuneration Committee is follows: -

Director	Designation
Prof. Ashok Jhunjunwala	Chairman
Dr. Pawan Kumar Goenka	Member
Mr. V S Parthasarathy	Member
Ms. Sonali Kulkarni	Member

The Nomination and Remuneration Committee met once during year under review, i.e., on 29<sup>th</sup> April, 2015.

The attendance at the meeting of the Nomination and Remuneration Committee was as under:-

Name of Directors	No. of meetings attended
Prof. Ashok Jhunjunwala	1
Ms. Sonali Kulkarni	0
Dr. Pawan Kumar Goenka	1
Mr. V S Parthasarathy	1

#### EVALUATION OF PERFORMANCE:

The Board carried out the annual evaluation of performance of its own, its committees and the individual directors, including Independent Directors, through a structured questionnaire process covering various aspects.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation received from the operating management, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been 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;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, in place, policies for the appointment/removal of Directors and Senior Management Personnel together with the criteria for determining qualifications, positive attributes and Independence of Directors, and remuneration of Directors, Key Managerial Personnel and other Employees. These were on the basis of recommendation of the Nomination and Remuneration Committee.

These policies are provided as Annexure I and form part of this Report.

## **VIGIL MECHANISM**

Your Company has, in place, a vigil mechanism for Directors and Employees to facilitate reporting of genuine concerns/ make protected disclosures to the Chairman of the Audit Committee in respect of actual or suspected fraud or violation of the Company's Codes or Policies or genuine grievances or concerns or any improper activity. The mechanism provides for adequate safeguards against victimization of persons reporting/disclosing, and makes a provision for direct access to the Chairman of the Audit Committee.

## **KEY MANAGERIAL PERSONNEL**

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

1. Mr. A Narayana Swamy as Manager (with effect from 1<sup>st</sup> August, 2013). Mr. Narayana Swamy has been re-appointed as Manager of the Company, subject to the approval of shareholders and other requisite approvals, if any, for a period of three years with effect from 1<sup>st</sup> August, 2016.
2. Mr. Ajay Patel as Chief Financial Officer (with effect from 1<sup>st</sup> April 2014).
3. Mr. Arvind Mathew was appointed as Chief Executive Officer of your Company and a Key Managerial Personnel with effect from 1<sup>st</sup> May, 2015.

Mr. Ameya Paranjape resigned as Company Secretary of the Company with effect from 7<sup>th</sup> January, 2016.

## **AUDITORS & AUDITORS' REPORT**

At the Nineteenth Annual General Meeting, M/s. S. R. Batliboi & Associates, LLP, Chartered Accountants, (ICAI registration Number 101049W) were appointed as the Statutory Auditors of your Company to hold office from the conclusion of the Nineteenth Annual General Meeting till the conclusion of ensuing Twentieth Annual General Meeting.

M/s. S. R. Batliboi & Associates, LLP, Chartered Accountants have expressed their willingness to act as Statutory Auditors of your Company, if re-appointed, and have also confirmed that the said re-appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to re-appoint Statutory Auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

## **Secretarial Auditor**

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. P K Pande & Associates, a firm of Practising Company Secretaries, as the Secretarial Auditor of your Company for the financial year ended 31<sup>st</sup> March 2016.

The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2016, issued by the secretarial auditor, pursuant to the aforesaid provisions, is provided as Annexure II and forms part of this report.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

## **Reporting on Frauds by Auditors**

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this report.

## **INTERNAL FINANCIAL CONTROLS**

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is in the opinion of the Board, commensurate with the Company's size and operations. Your Company conducts internal audit through an independent agency to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditors are invited to attend Audit Committee meetings.

## **RISK MANAGEMENT POLICY**

The Board has formulated a Risk Management Policy for the Company. Its implementation helps in managing the risks associated with the business of the Company.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company continues to look at Research and Development as an effective tool for meeting its business objectives. Your Company continued to undertake a number of Research & Development projects to upgrade the technology and quality of the product during the year under review. Details of specific area in which Research & Development activities are carried out by your Company in the area of technology absorption, adaptation and innovations etc. and the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are provided in Annexure III and form part of this Report.

## **HUMAN RESOURCES**

Ensuring a good working environment for the employees and enabling them to maintain work life balance are prime goals of your Company, as reflected in its employee engagement interventions. Your Company continues to invest in capability building of its people, and creating a future ready talent pool.

## **STOCK OPTIONS**

During the year under review, 66,800 Stock options were granted to Mr. Chetan Maini in accordance with the Stock Option

Scheme of the Company. Relevant details, as required under The Companies (Share Capital and Debentures) Rules 2014 and other applicable provisions of the Companies Act, 2013, are furnished in Annexure IV which forms part of this Report.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013.**

During the year under review, your Company had neither given any loans, guarantee or provided any security in connection with a loan nor made any investment covered under the provisions of Section 186 of the Companies Act, 2013.

**PUBLIC DEPOSITS AND LOANS/ADVANCES**

Your Company had not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to ultimate Parent Company Mahindra and Mahindra Limited.

**PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES**

All transactions entered into by your company with its related parties, during the year under review, were in the ordinary course of business and at arm's length.

During the year under review, your company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Accordingly, there are no transactions to be reported in pursuance to Section 134(3)(h) of the Companies Act, 2013.

**EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2016 is annexed as Annexure V and forms part of this Report.

**POLICY ON PREVENTION OF SEXUAL HARASSMENT**

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

**SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

Your Company subscribes to guidelines on safety, health and sustainability and encourages involvement of all its employees in activities related to safety, including promotion

of safety standards. Statutory requirements relating to various environmental legislations, and environment protection, have been duly complied with by your Company.

**GENERAL DISCLOSURE**

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any scheme.
3. Change in the nature of business carried out by the Company.
4. Significant and/or material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.
5. Voting Rights which are not directly exercised by the employees in respect of shares for the subscription of which loan was given by the company as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013.
6. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.
7. Provisions relating to Corporate Social Responsibility activities enumerated under Section 135 of the Companies Act, 2013.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

**Dr. Pawan Kumar Goenka**  
Chairman

Mumbai, 27<sup>th</sup> April, 2016

## ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra & Mahindra Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (**KMP**) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (**NRC**) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

#### II. SUCCESSION PLANNING:

##### Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

##### Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

### Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

### Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

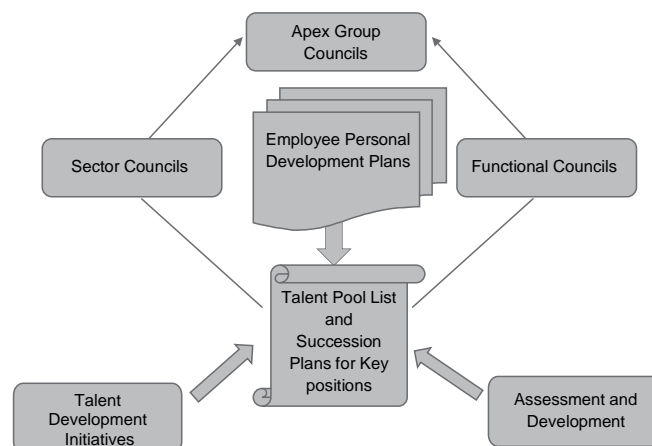
The framework lays down an architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council,

headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

### POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

#### Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Reva Electric Vehicles Limited.

#### Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### **NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### **Executive Directors/Managing Directors/Manager**

The remuneration to Managing Director/Manager/Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

#### **Key Managerial Personnel (KMPs)**

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the Company Secretary shall be determined by any director or such other person as may be authorised by the Nomination Remuneration Committee(NRC) from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### **Employees**

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

**Dr. Pawan Kumar Goenka**  
Chairman

Mumbai, 27<sup>th</sup> April, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Report of the Secretarial Auditors

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

To:

**The Members,  
Mahindra Reva Electric Vehicles Limited  
Registered Office:  
122 E, Bommasandra Industrial Area  
Bommasandra, Bangalore – 560099**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Mahindra Reva Electric Vehicles Limited (hereinafter called the "Company"). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms and returns filed and other records made available to me and maintained by the Company for the Financial Year ended 31<sup>st</sup> March, 2016 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there-under;
- (ii) This being an unlisted Public Limited Company, The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under will not apply to this Company.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) For the reasons stated to in point No(ii) above, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') will not apply to this Company:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The Company has complied with the provisions of applicable Fiscal Laws, Corporate and allied Acts, Labor Laws, Environmental Laws and Miscellaneous Acts.
- (vii) I have also examined compliance with the Secretarial Standards issued by The Institute of Company Secretaries of India.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has:-

- (a) converted its status from Private to Public;
- (b) issue of warrants at on rights basis.

We report, having gone through the records, e-forms, registers and other documents that the Company while doing the aforementioned corporate actions, has complied with all the applicable provisions of law and rules made there-under and has, wherever required, obtained the approvals of requisite competent authorities.

**P K Pande**  
Practicing Company Secretary  
FCS – 5487; CP No.3984

Place: Bangalore

Date: 27<sup>th</sup> April, 2016



## ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

### PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

#### A. CONSERVATION OF ENERGY

The Company has always been conscious of the need to conserve energy. Your Company's manufacturing facility is having platinum rating from IGBC and significant portion of the energy generated from solar park. These measures are aimed at effective management and utilization of energy resources and have resulted in sustainable cost savings for the company.

(a) the steps taken or impact on conservation of energy:

Your company is using 100% LED lights at its Manufacturing facility.

(b) the steps taken by the company for utilizing alternate sources of energy:

Your Company is having Solar Park in its manufacturing facility. Total power generated 22,950 units in FY16

(c) the capital investment on energy conservation equipments: **Nil**

#### B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption:

Successful completion of Design, Development and production of e2o T01 Low Cost Variant with Value Engineering and Feature Optimization

Successful Implementation of New Electric Power Steering (EPS) with 120 Km Range on e2O-P1A as per the aggressively set targets by the Management.

Successful completion of Frontal and Side Crash Test of P2 (e2O Export Model) and cleared ECE regulation at IDIADA-Spain & confirmed by VCA. All design changes worked out First Time Right

Filed PCT applications in the fields of Electric Vehicles on Method of determining distance to empty & Charging of electric vehicles using non-conventional energy sources and filed National Phase Application in Germany & China for Efficient Thermal Management of Battery Packs for Electric Vehicles.

Two Chinese Patent Application titled "Antilock Braking for Vehicles" and Estimating and Enhancing Residual Performance in An Energy Storage Systems from Chinese Patent Office

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

Due to its sustained R&D efforts, the Company continued to maintain its leadership in the electric vehicle technology in India. As the overall market for Electric Vehicles significantly expands both in India and abroad, your Company will be one of the major beneficiaries.

iii) During the year, your Company did not imported any technology.

iv) the expenditure incurred on Research and Development :

(Rs. in Lakhs)

Description	For the financial year ended 31 <sup>st</sup> March, 2016	For the financial year ended 31 <sup>st</sup> March, 2015
a) Capital	591.83	113.24
b) Recurring	2241.47	2036.33
c) Total	2833.31	2149.57
Total R&D expenditure as a percentage of total turnover	46.90%	58.16%

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and earned (on accrual basis)

(Rs. in Lakhs)

	For the financial year ended 31 <sup>st</sup> March, 2016	For the financial year ended 31 <sup>st</sup> March, 2015
Foreign Exchange used	292.06	245.69
Foreign Exchange Earned	416.96	237.98

For and on behalf of the Board

**Dr. Pawan Kumar Goenka**  
Chairman

Place: Mumbai

Date: 27<sup>th</sup> April, 2016

## ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Details of the Employees Stock Option Scheme:

(a)	options granted	<b>987,212 (including 376519 options granted during the year)</b>
(b)	options vested	433,303
(c)	options exercised	–
(d)	the total number of shares arising as a result of exercise of option	–
(e)	options lapsed	177,390
(f)	the exercise price	Exercise Price determined under various ESOP Schemes: Reva ESOP II: Rs. 144.88 Reva ESOP II: Rs. 144.88 ESOS 2012: Rs. 10 ESOS 2013: Rs. 149 ESOS 2014: Rs. 130
(g)	variation of terms of options	Vesting of the options as follows was accelerated: Reva ESOP II: 2,33,437 ESOS 2012: 66,680 ESOS 2013: 1,26,286
(h)	money realized by exercise of options	–
(i)	total number of options in force	<b>743,142</b>
(g)	employee wise details of options granted to (i) key managerial personnel (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	–

For and on behalf of the Board

**Dr. Pawan Kumar Goenka**  
Chairman

Mumbai, 27<sup>th</sup> April, 2016

## ANNEXURE V TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Form No. MGT-9

**Extract of Annual Return  
as on the financial year ended on 31<sup>st</sup> March, 2016**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]*

### I. REGISTRATION AND OTHER DETAILS:

i.	<b>Corporate Identification Number (CIN):</b>	:	U34101KA1996PTC020195
ii.	<b>Registration Date:</b>	:	2 <sup>nd</sup> April, 1996
iii.	<b>Name of the Company:</b>	:	Mahindra Reva Electric Vehicles Limited
iv.	<b>Category/Sub-Category of the Company:</b>	:	Indian Non-Government Company Limited by shares
v.	<b>Address of the Registered office and contact details:</b>	:	122E, Bommasandra Industrial Area, Bommasandra, Bangalore 560099 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: reachus@mahindrareva.com
vi.	<b>Whether listed company Yes/No:</b>	:	No
vii.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any:</b>	:	Link Intime India Pvt. Ltd. C-3 Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai 400078 PH 022 25963838 Fax 022 25946969

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of Electric Vehicles	27103	76.62%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra Vehicle Manufactures Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018	U34100MH2007PLC171151	Holding Company	93.70	2 (46)

### IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	63,28,244	–	63,28,244	17.73	63,94,924	–	63,94,924	4.61	(13.12)
b) Central Govt.	–	–	–	–	–	–	–	–	–

MAHINDRA REVA ELECTRIC VEHICLES LIMITED  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):</b>	<b>63,28,244</b>	-	<b>63,28,244</b>	<b>17.73</b>	<b>63,94,924</b>	-	<b>63,94,924</b>	<b>4.61</b>	<b>(13.12)</b>
<b>2. Foreign</b>									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>63,28,244</b>	-	<b>63,28,244</b>	<b>17.73</b>	<b>63,94,924</b>	-	<b>63,94,924</b>	<b>4.61</b>	<b>(13.12)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	1,07,798	1,07,798	0.30	-	1,07,798	1,07,798	0.08	(0.22)
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	-	<b>1,07,798</b>	<b>1,07,798</b>	<b>0.30</b>	-	<b>1,07,798</b>	<b>1,07,798</b>	<b>0.08</b>	<b>(0.22)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	2,70,20,466	-	2,70,20,466	75.72	12,98,19,505	-	12,98,19,505	93.70	17.98
ii) Overseas	-	22,30,561	22,30,561	6.25	-	22,30,561	22,30,561	1.61	(4.64)
b. Individual									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)									
<b>Sub-total (B)(2):</b>	<b>2,70,20,466</b>	<b>22,30,561</b>	<b>2,92,51,027</b>	<b>81.97</b>	<b>12,98,19,505</b>	<b>22,30,561</b>	<b>13,20,50,066</b>	<b>95.31</b>	<b>13.34</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>2,70,20,466</b>	<b>23,38,359</b>	<b>2,93,58,825</b>	<b>81.97</b>	<b>12,98,19,505</b>	<b>22,30,561</b>	<b>13,21,57,864</b>	<b>95.31</b>	<b>13.34</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>3,33,48,710</b>	<b>23,38,359</b>	<b>3,56,87,069</b>	<b>100</b>	<b>13,62,14,429</b>	<b>23,38,359</b>	<b>13,85,52,788</b>	<b>100</b>	-

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Dr. Sudarshan Kumar Maini	38,93,335	10.91	–	38,93,335	2.81	–	(8.10)
2.	Sandeep Kumar Maini	3,32,476	0.93	–	3,32,476	0.24	–	(0.69)
3.	Chetan Kumar Maini	1,162,766	3.26	–	1,229,446	0.88	–	(2.38)
4.	Reva Maini Jtly. Dr. S. K. Maini	401,187	1.12	–	401,187	0.29	–	(0.83)
5.	Reva Maini	251,468	0.70	–	251,468	0.18	–	(0.52)
6.	Gautam Maini	287,012	0.80	–	287,012	0.21	–	(0.59)
	<b>Total</b>	<b>63,28,244</b>	<b>17.72</b>	<b>–</b>	<b>63,94,924</b>	<b>4.61</b>	<b>–</b>	<b>(13.11)</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	63,28,244	17.72		
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	–	–	–	–
	Allotment to Promoter			66,680	
	<b>At the End of the year</b>	<b>63,28,244</b>	<b>19.40</b>	<b>63,94,924</b>	<b>4.61</b>

- Due to Rights Issue of compulsorily convertible warrants which was not subscribed by the promoters.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Technology Development Board, Government of India:</b>				
	At the beginning of the year	1,07,798	0.30	1,07,798	0.30
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	(0.22)
	At the End of the year (or on the date of separation, if separated during the year)	<b>1,07,798</b>	<b>0.30</b>	<b>1,07,798</b>	<b>0.08</b>
2.	<b>AEV LLC:</b>				
	At the beginning of the year	22,30,561	6.25	22,30,561	6.25
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	(4.64)
	At the End of the year (or on the date of separation, if separated during the year)	<b>22,30,561</b>	<b>6.25</b>	<b>22,30,561</b>	<b>1.61</b>

MAHINDRA REVA ELECTRIC VEHICLES LIMITED  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	<b>Mahindra &amp; Mahindra Limited:</b>				
	At the beginning of the year	2,70,204,660	75.72	2,70,204,660	75.72
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc): Allotment	10,27,99,039	17.98		
	Transfer 30.12.2015	(12,98,19,505)	(93.70)		
	At the End of the year (or on the date of separation, if separated during the year)	0	0	0	0
4.	<b>Mahindra Vehicle Manufacturers Limited:</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.):				
	Transfer 30.12.2015	12,98,19,505	93.70	12,98,19,505	93.70
	At the End of the year ( or on the date of separation, if separated during the year)	12,98,19,505	93.70	12,98,19,505	93.70

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Sandeep Kumar Maini</b>				
	At the beginning of the year	3,32,476	1.01	3,32,476	0.93
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	3,32,476	1.01	3,32,476	0.93

**V. INDEBTEDNESS:**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2015)</b>				
i) Principal Amount	31,25,00,000	90,05,22,780	–	1,21,30,22,780
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	1,04,84,120	98,39,600	–	2,03,23,720
<b>Total (i + ii + iii)</b>	32,29,84,120	91,03,62,380	–	1,23,33,46,500
<b>Change in Indebtedness during the financial year</b>				
• Addition		11,12,12,829	–	10,83,18,220
• Reduction	-13,21,46,116	-85,11,79,000	–	-85,11,79,000
<b>Net Change</b>	-13,21,46,116	-73,99,66,171	–	95,94,97,220
<b>Indebtedness at the beginning of the financial year (31.03.2016)</b>				
i) Principal Amount	18,75,00,000	15,76,62,000	–	34,51,62,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	33,38,004	1,27,34,209	–	1,60,72,213
<b>Total (i + ii + iii)</b>	19,08,38,004	17,03,96,209	–	36,12,34,213

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

*A. Remuneration to Managing Director, Whole-time Directors and/or Manager:*

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		A Narayana Swamy		
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17.43		<b>17.43</b>
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-		-
2.	Stock Option	-		-
3.	Sweat Equity	-		-
4.	Commission	-		-
	- as % of profit	-		-
	- others, specify...	-		-
5.	Others, please specify SAR's	-		-
	Total (A)	17.43		<b>17.43</b>
	Ceiling as per the Act	Rs.3.00 lakhs p.m. in accordance with Schedule XIII to the Companies Act, 1956		

*B. Remuneration to other directors:*

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Ashok Jhunjhunwala	Sonali Kulkarni	
1	Independent Directors			
	• Fee for attending board/committee meetings	3.00	2.10	<b>5.10</b>
	• Commission	-	-	-
	• Others, please specify	-	-	-
	<b>Total (1)</b>	3.00	2.10	<b>5.10</b>
2	Other Non-Executive Directors	-	-	-
	• Fee for attending board/committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	<b>Total (2)</b>	-	-	-
	Total (B)=(1+2)	3.00	2.10	<b>5.10</b>
	Total Managerial Remuneration			
	Overall Ceiling as per the Act	Rs. 1 Lakh per meeting as per Companies Act, 2013.		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
		Arvind Mathew	Ameya Paranjape	Ajay Patel	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	117.23		23.85	141.08
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.34	–	16.91	17.25
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of profit	–	–	–	–
	– others, specify...	–	–	–	–
5.	Others, please specify	–	3.30		3.30
	<b>Total</b>	<b>117.57</b>	<b>3.30</b>	<b>40.76</b>	<b>161.63</b>

VII. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>B. DIRECTORS</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

**Dr. Pawan Kumar Goenka**  
Chairman

Mumbai, 27<sup>th</sup> April, 2016



## INDEPENDENT AUDITOR'S REPORT

### To the Members of Mahindra Reva Electric Vehicles Limited Report on the Financial Statements

We have audited the accompanying financial statements of **Mahindra Reva Electric Vehicles Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted

in India of the state of affairs of the Company as at March 31, 2016, its loss and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per **Navin Agrawal**  
Partner  
Membership Number: 56102

**Place of Signature:** Bengaluru  
**Date:** April 27, 2016

## Annexure 1 referred to in paragraph 1 of our report of even date

Re: Mahindra Reva Electric Vehicles Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount of demand* (Rs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Penalty and interest	51,725,658	Feb 2008 to Feb 2010	CESTAT
Finance Act, 1994	Service Tax including penalty and interest	15,799,017	2005-2008	CESTAT
Customs Act, 1962	Redemption fine and penalty	9,600,000	2015-16	CESTAT
	<b>Total</b>	<b>77,124,675</b>		

Against the above, amount already paid under protest – Rs. 25,000,000.

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or government.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/ further public offer/debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid/provided in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934, are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

**per Navin Agrawal**  
Partner  
Membership Number: 56102

**Place of Signature:** Bengaluru  
**Date:** April 27, 2016

## **ANNEXURE 2 REFERRED IN PARAGRAPH 2(f) TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA REVA ELECTRIC VEHICLES LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of Mahindra Reva Electric Vehicles Limited

We have audited the internal financial controls over financial reporting of Mahindra Reva Electric Vehicles Limited ("the Company") as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Explanatory Paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report of even date expressed an unqualified opinion thereon.

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

**per Navin Agrawal**  
Partner  
Membership Number: 56102

**Place of Signature:** Bengaluru  
**Date:** April 27, 2016

## BALANCE SHEET AS AT 31 MARCH 2016

	Notes	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital.....	4	1,385,527,880	356,870,690
Reserves and surplus.....	5	132,074,454	(14,731,772)
Share application money pending allotment .....	6	229,999,993	-
		<b>1,747,602,327</b>	<b>342,138,918</b>
<b>Non-current liabilities</b>			
Long-term borrowings.....	7	202,644,000	340,970,502
Other long-term liabilities .....	8	52,230,052	69,886,015
Long-term provisions.....	9	78,627,820	64,953,221
		<b>333,501,872</b>	<b>475,809,738</b>
<b>Current liabilities</b>			
Short-term borrowings.....	10	-	730,000,000
Trade payables .....	11		
Total outstanding dues of micro enterprises and small enterprises .....		<b>1,919,889</b>	4,492,133
Total outstanding dues of creditors other than micro enterprises and small enterprises .....		<b>316,795,624</b>	252,701,549
Other current liabilities.....	11	316,214,178	336,389,169
Short-term provisions .....	9	18,684,481	13,646,929
		<b>653,614,172</b>	<b>1,337,229,780</b>
<b>TOTAL</b> .....		<b>2,734,718,371</b>	<b>2,155,178,436</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Property, Plant and Equipment.....	12	764,647,733	663,287,756
Intangible assets .....	13	650,822,975	415,776,301
Capital work-in-progress .....		56,949,071	22,256,534
Intangible assets under development .....		223,407,613	426,958,403
Long-term loans and advances .....	14	209,706,830	170,138,055
		<b>1,905,534,222</b>	<b>1,698,417,049</b>
<b>Current assets</b>			
Current investments.....	15	86,900,000	33,339,228
Inventories.....	16	272,898,568	204,865,245
Trade receivables.....	17	56,448,302	36,627,281
Cash and bank balances .....	18	127,192,358	56,530,700
Short-term loans and advances.....	14	285,722,592	125,148,929
Other current assets .....	19	22,329	250,004
		<b>829,184,149</b>	<b>456,761,387</b>
<b>TOTAL</b> .....		<b>2,734,718,371</b>	<b>2,155,178,436</b>

Summary of significant accounting policies 2.1  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of

**For S.R. BATLIBOI & ASSOCIATES LLP**

**Mahindra Reva Electric Vehicles Limited**

Firm Registration Number: 101049W

Chartered Accountants

**Dr. Pawan Kumar Goenka**  
Chairman

**V. S. Parthasarthy**  
Director

**Pravin N. Shah**  
Director

**per Navin Agrawal**

Partner

Membership No.: 56102

**Ajay Patel**  
Chief Financial Officer

**Arvind Mathew**  
Chief Executive Officer

Place: Bengaluru

Date: April 27, 2016

Place: Mumbai

Date: April 27, 2016

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
<b>Income</b>			
Revenue from operations (net) .....	20	604,170,637	369,580,056
Other income .....	21	23,568,537	13,944,942
<b>Total Income</b> .....		<b>627,739,174</b>	<b>383,524,998</b>
<b>Expenses</b>			
Cost of raw material and components consumed.....	22	514,489,235	331,735,469
(Increase)/decrease in inventories .....	23	9,479,986	(10,072,128)
Employee benefits expense .....	24	306,242,093	292,084,365
Other expenses.....	25	404,706,907	315,794,769
Depreciation and amortisation .....	26	261,908,877	328,882,914
Finance costs.....	27	46,371,125	65,927,387
<b>Total</b> .....		<b>1,543,198,223</b>	<b>1,324,352,776</b>
Loss before tax .....		915,459,049	940,827,778
Provision for tax .....		-	-
<b>Loss for the year</b> .....		<b>915,459,049</b>	<b>940,827,778</b>
<b>Loss per equity share (Basic and Diluted)</b> .....	28	<b>(9.83)</b>	<b>(26.84)</b>
<b>Nominal value of share Rs. 10 (2014 – Rs. 10)</b>			
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**

Firm Registration Number: 101049W

Chartered Accountants

**per Navin Agrawal**

Partner

Membership No.: 56102

Place: Bengaluru

Date: April 27, 2016

For and on behalf of the Board of Directors of

**Mahindra Reva Electric Vehicles Limited**

**Dr. Pawan Kumar Goenka**  
Chairman

**Ajay Patel**  
Chief Financial Officer

Place: Mumbai

Date: April 27, 2016

**V. S. Parthasarthy**  
Director

**Arvind Mathew**  
Chief Executive Officer

**Pravin N. Shah**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	For the year ended March 31, 2016	For the year ended March 31, 2015
	Rs.	Rs.
<b>Cash flow from operating activities</b>		
Loss before tax .....	(915,459,049)	(940,827,778)
Non-cash adjustment to reconcile loss before tax to net cash flows		
Depreciation/amortisation .....	261,908,877	328,882,914
Loss on assets sold/discarded .....	529,473	1,785,251
Employee Stock Option .....	2,346,417	5,485,488
Provision for doubtful debts and advances .....	6,499,828	1,158,544
Provisions no longer required written back .....	(4,969,571)	(7,422,163)
Intangibles under development written off .....	32,222,908	–
Unrealized foreign exchange (gain)/loss .....	(1,480,697)	(15,894)
Net gain on sale of current investments .....	(6,223,702)	(2,184,165)
Settlement/Provision for claims .....	–	10,604,363
Interest expense .....	45,012,478	65,434,399
Interest income .....	(6,300,474)	(3,367,517)
<b>Operating loss before working capital changes .....</b>	<b>(585,913,512)</b>	<b>(540,466,558)</b>
Movements in working capital:		
Increase/(decrease) in trade payables .....	68,704,743	114,410,049
Increase/(decrease) in long-term provisions .....	12,332,616	5,077,694
Increase/(decrease) in short-term provisions .....	5,037,552	6,371,525
Increase/(decrease) in other long-term liabilities .....	(13,516,910)	19,166,667
Increase/(decrease) in other current liabilities .....	(16,560,654)	(18,076,520)
Decrease/(increase) in trade receivables .....	(23,714,331)	(8,136,286)
Decrease/(increase) in inventories .....	(68,033,323)	(49,251,257)
Decrease/(increase) in long-term loans and advances .....	(4,246,953)	(1,340,914)
Decrease/(increase) in short-term loans and advances .....	(160,573,662)	(16,825,455)
<b>Cash generated from/(used in) operations .....</b>	<b>(786,484,434)</b>	<b>(489,071,055)</b>
Direct taxes paid .....	(611,733)	(395,475)
<b>Net cash flow from/(used in) operating activities (A) .....</b>	<b>(787,096,167)</b>	<b>(489,466,530)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets/intangibles .....	(496,453,862)	(455,208,396)
Proceeds on assets sold/discarded .....	2,038,743	542,305
Purchase of current investments .....	(695,900,000)	(390,499,999)
Proceeds from sale/maturity of current investments .....	648,562,930	361,097,781
Redemption of bank deposits (original maturity of more than 3 months) .....	–	79,803,385
Interest received .....	6,528,149	4,611,524
<b>Net cash flow used in investing activities (B) .....</b>	<b>(535,224,040)</b>	<b>(399,653,400)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	For the year ended March 31, 2016	For the year ended March 31, 2015
	Rs.	Rs.
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital .....	2,318,576,041	399,600,118
Proceeds from long-term borrowings .....	-	52,118,417
Repayment of long-term borrowings .....	(142,518,000)	(125,000,000)
Proceeds from short-term borrowings .....	-	730,000,000
Repayment of short-term borrowings .....	(725,342,780)	(50,000,000)
Interest paid .....	(57,733,396)	(67,040,061)
<b>Net cash flow from financing activities (C) .....</b>	<b>1,392,981,865</b>	<b>939,678,474</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C) .....	70,661,658	50,558,544
Cash and cash equivalents at the beginning of the year .....	56,530,700	5,972,156
<b>Cash and cash equivalents at the end of the year .....</b>	<b>127,192,358</b>	<b>56,530,700</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand .....	11,556	23,998
Balance with banks -		
Current account .....	27,180,802	5,606,702
Deposit account .....	100,000,000	50,900,000
<b>Total cash and cash equivalents .....</b>	<b>127,192,358</b>	<b>56,530,700</b>
Summary of significant accounting policies	2.1	

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**

Firm Registration Number: 101049W

Chartered Accountants

**per Navin Agrawal**

Partner

Membership No.: 56102

Place: Bengaluru

Date: April 27, 2016

For and on behalf of the Board of Directors of

**Mahindra Reva Electric Vehicles Limited**

**Dr. Pawan Kumar Goenka**  
Chairman

**V. S. Parthasarathy**  
Director

**Pravin N. Shah**  
Director

**Ajay Patel**  
Chief Financial Officer

**Arvind Mathew**  
Chief Executive Officer

Place: Mumbai

Date: April 27, 2016



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 1. Corporate information

Mahindra Reva Electric Vehicles Limited (formerly Mahindra Reva Electric Vehicles Private Limited) ('the Company' or 'REVA') is engaged in design, manufacture, assembly, testing, marketing and selling of electrically powered vehicles and licensing of technology. The marketing of the car is done through a network of dealers in India and abroad.

The Company converted from private limited to public company effective from December 30, 2015.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 2.1 Summary of significant accounting policies

##### a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

##### c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis over the useful lives of assets estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

Type of asset	Estimated Life (SLM)	Schedule II Estimated Life (SLM)
Plant and Equipment	15	15
Factory Building	30	30
Furniture & Fixtures	10	10
Computer Equipment	3	3
Vehicles	5	8
Batteries	8	Not defined
Tools and fixtures	8	Not defined
Office Equipment	5	5

Leasehold improvements at leased premises are depreciated over the unexpired lease period or 10 years useful life, whichever is less. Fixed assets individually having an original cost of Rs. 5,000 or less are fully depreciated in the year of purchase.

##### d. Intangible assets

###### *Technical Know-how*

Technical know-how is amortised using the straight-line method over a period not exceeding five years from the date of purchase/licensing.

###### *Development expenditure*

Research costs are expensed as incurred. Development expenditure incurred on individual products is capitalised as an intangible asset, when its future recoverability can reasonably be regarded as assured. Intangibles representing capitalised product development costs are amortised, on a straight line basis over a period not exceeding five years from the date of commercial production, based on the estimation of future economic life of the product by the management.

###### *Computer Software*

The expenditure incurred is amortised, on a straight line basis over a period of four years.

##### e. Operating Leases

###### *Where the Company is a lessee*

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

###### *Where the Company is a lessor*

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in plant, property and equipment. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

##### f. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

##### g. Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

##### h. Government grants and subsidies

Grants and subsidies from the government are recognized when there is a reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

**MAHINDRA REVA ELECTRIC VEHICLES LIMITED**  
**(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)**

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

**i. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**j. Inventories**

Inventories are valued as follows:

*Raw materials, components, stores and spares*

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Customs duty on materials in bonded warehouses is considered for valuation of inventories, as applicable.

*Work-in-progress and finished goods*

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale. Obsolete or slow moving inventories are adequately provided for on a specific identification basis.

**k. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Sale of Products*

Sale of cars, accessories and spares, are recognised on despatch of goods to customers and are shown net of trade discounts and returns, Sales Tax and Value Added Tax. Excise duty deducted from Sales (Gross) is the amount that is included in the amount of Sales (Gross) and not the entire amount of liability that arose during the year.

*Income from services*

Revenue relating to licensing of technology is recognized upon completion of performance obligations under the terms of agreement with the customer. Revenue relating to development of technology is recognized on the basis of proportionate completion method.

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

*Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**l. Foreign currency translation**

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**m. Retirement and other employee benefits**

*Defined Contribution Plan (Provident fund)*

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

*Defined Benefit Plan (Gratuity)*

Gratuity liability is provided for based on the actuarial valuation on projected unit credit method made at end of each financial year. The gratuity plan is funded with insurance companies, in the form of qualifying insurance policies. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

*Leave Encashment*

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**n. Income taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised. As at March 31, 2016, the Company has carry forward loss and unabsorbed depreciation but no deferred tax assets have been recognised in absence of virtual certainty of profits in the near future.

**o. Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting

**MAHINDRA REVA ELECTRIC VEHICLES LIMITED**  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

Compensation expense means the excess of the intrinsic value of the underlying shares as at the date of grant of the options over the exercise price of the options.

**p. Segment reporting**

The Company is engaged in design, manufacture, assembly, testing, marketing and selling of electrically powered vehicles and licensing of technology. The risks and returns of the Company are predominantly determined by its principal product i.e. battery operated electric cars and accordingly the Company operates in single business segment. The geographical segment information is disclosed based on the location of the customer. There are no fixed assets located outside India.

**q. Earnings/(Loss) Per Share**

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are anti-dilutive since their conversion to equity shares would decrease loss per share from continuing ordinary activities. Accordingly, the effects of anti-dilutive potential equity shares are ignored in calculating dilutive earnings per share.

**r. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**s. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**t. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**3.** The Company continued to incur substantial losses i.e. Rs. 915.46 million (2015 – Rs. 940.83 million) and has accumulated losses of Rs. 4460.10 million (2015 – Rs. 3,544.64 million) as at March 31, 2016. However, owing to the continued support from the holding company and based on future business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

As at  
**March 31,**  
**2016**  
**Rs.**

As at  
March 31,  
2015  
Rs.

**4. Share capital**

**Authorised:**

250,000,000 (2015 – 135,482,650)		
Equity Shares of Rs. 10 each	<b>2,500,000,000</b>	1,354,826,500
1 (2015 – 1) Class A Preference Shares of Rs. 28 each	<b>28</b>	28

**Issued, subscribed and fully paid-up:**

138,552,788 (2015 – 35,687,069)		
Equity Shares of Rs. 10 each	<b>1,385,527,880</b>	356,870,690

**Total issued, subscribed and fully paid-up share capital**

**1,385,527,880**      **356,870,690**

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	March 31, 2016		March 31, 2015	
	No.	Rs.	No.	Rs.
At the beginning of the period	<b>35,687,069</b>	<b>356,870,690</b>	32,610,145	326,101,450
Issued during the period	<b>102,865,719</b>	<b>1,028,657,190</b>	3,076,924	30,769,240
<b>Outstanding at end of the period</b>	<b>138,552,788</b>	<b>1,385,527,880</b>	35,687,069	356,870,690

**b. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares held by holding company**

	March 31, 2016 Rs.	March 31, 2015 Rs.
Mahindra Vehicle Manufacturers Limited		
129,819,505 (2015: Nil) equity shares of Rs. 10 each fully paid	<b>1,298,195,050</b>	–
Mahindra & Mahindra Limited		
Nil (2015: 27,020,466) equity shares of Rs. 10 each fully paid	–	270,204,660

**d. Details of shareholders holding more than 5% shares in the company**

	March 31, 2016		March 31, 2015	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs. 10 each fully paid				
Mahindra Vehicle Manufacturers Limited, holding company	<b>129,819,505</b>	<b>93.70%</b>	–	–
Mahindra & Mahindra Limited	–	<b>0.00%</b>	27,020,466	75.72%
Sudarshan Kumar Maini	<b>3,893,335</b>	<b>2.81%</b>	3,893,335	10.91%
AEV LLC	<b>2,230,561</b>	<b>1.61%</b>	2,230,561	6.25%
	<b>135,943,401</b>	<b>98%</b>	<b>33,144,362</b>	<b>93%</b>

MAHINDRA REVA ELECTRIC VEHICLES LIMITED  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

**e. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

The Company has not issued shares for consideration other than cash in the current year or during the period of five years immediately preceding the reporting date.

For shares issued for cash under employee stock option plans, refer note 30.

**f. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plans of the Company, refer note 30.

**5. Reserves and surplus**

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>Securities premium account</b>		
Balance, beginning of the year	3,524,256,073	3,155,425,195
Add: Received on issue of shares	1,067,920,458	368,830,878
<b>Closing Balance</b>	<u>4,592,176,531</u>	<u>3,524,256,073</u>

**Employee Stock Option Outstanding**

Gross stock compensation for options granted	-	8,001,600
Less: Deferred employee stock compensation	-	2,346,417
<b>Closing Balance</b>	<u>-</u>	<u>5,655,183</u>

**Surplus/(deficit) in the statement of profit and loss**

Balance as per last financial statements	(3,544,643,028)	(2,602,907,397)
Depreciation adjustment	-	(907,853)
Loss for the year	(915,459,049)	(940,827,778)
Net deficit in the statement of profit and loss	<u>(4,460,102,077)</u>	<u>(3,544,643,028)</u>
<b>Total</b>	<u>132,074,454</u>	<u>(14,731,772)</u>

**6. Share application money pending allotment**

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
Received against warrants pending conversion	229,999,993	-
	<u>229,999,993</u>	<u>-</u>

The Company offered 200,000,000 convertible warrants to existing shareholders on rights basis on such terms and conditions as contained in the resolution passed by the Board of Directors on April 29, 2015. The offer of warrants expired on June 30, 2015. The allottee shall be entitled for one equity share of Rs. 10 each of the Company for each such warrant at a price ranging from Rs. 20 to Rs. 24.90 each, depending on the period of conversion. The final date of conversion is November 30, 2016. Out of 112,886,758 warrants accepted by the shareholders, 102,799,039 warrants were converted into equity shares during the year. Number of warrants outstanding for conversion as on March 31, 2016 is 10,087,719 (March 31, 2015: Nil).

**7. Long-term borrowings**

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>Rupee term loans</b>		
<u>Secured</u>		
From Export-Import Bank of India	62,500,000	187,500,000
<u>Unsecured</u>		
From Council of Scientific and Industrial Research	140,144,000	153,470,502
	<u>202,644,000</u>	<u>340,970,502</u>

Notes:

**Secured loans**

EXIM Bank loan is secured by a first pari passu charge on the land and immovable properties and hypothecation of entire movable fixed assets, both present and future, repayable in 16 equal quarterly instalments commencing from January 1, 2014. The loan carries interest at 8.5% for first three years and 12% for next four years.

**Unsecured loans**

Loan from CSIR is for development of next generation electric car with interest at 3% p.a. and repayable in 10 years from October 01, 2015 in equal annual instalments. Royalty upto Rs. 50 lakhs is also payable over a period of 10 years from the sale of such car.

**8. Other long-term liabilities**

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
Deferred interest	474,862	5,138,315
Interest accrued and not due	7,772,100	7,247,700
Deferred government grant*	5,650,090	-
Deferred revenue	38,333,000	57,500,000
	<u>52,230,052</u>	<u>69,886,015</u>

\* The Company has received a non-recurring grant-in-aid of Rs. 6,874,300 during the year for a pilot project to install DC-FC infrastructure. Amount of grant recognised as income for the year is Rs. 331,837.

**9. Provisions**

	Non-Current		Current	
	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>Provision for employee benefits</b>				
Provision for leave benefits	19,225,638	14,156,306	4,252,205	3,825,657
Provision for gratuity benefits	3,201,266	-	7,000,000	6,756,993
	<u>22,426,904</u>	<u>14,156,306</u>	<u>11,252,205</u>	<u>10,582,650</u>
<b>Other provisions</b>				
Provision for warranties	7,432,276	3,064,279	7,432,276	3,064,279
Provision for tax disputes/contingencies	48,768,640	47,732,636	-	-
	<u>56,200,916</u>	<u>50,796,915</u>	<u>7,432,276</u>	<u>3,064,279</u>
	<u>78,627,820</u>	<u>64,953,221</u>	<u>18,684,481</u>	<u>13,646,929</u>

**Provision for warranties**

Provision for warranty-related costs are recognized based on historical experience, when the product is sold or service provided.

The estimate of such warranty-related costs is revised annually.

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
At the beginning of the year	6,128,558	2,561,548
Arising during the year	20,817,431	9,256,433
Utilized during the year	(12,081,437)	(5,689,423)
<b>At the end of the year</b>	<u>14,864,552</u>	<u>6,128,558</u>

**10. Short-term borrowings**

Unsecured

Rupee loan from banks*	-	730,000,000
	<u>-</u>	<u>730,000,000</u>

\* fully repaid during the year.

MAHINDRA REVA ELECTRIC VEHICLES LIMITED  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

**11. Trade payables and Other current liabilities**

	March 31, 2016 Rs.	March 31, 2015 Rs.		March 31, 2016 Rs.	March 31, 2015 Rs.
<b>Trade payables</b>					
Total outstanding dues of micro enterprises and small enterprises (refer note 41 for details of dues to micro and small enterprises)	1,919,889	4,492,133			
Total outstanding dues of creditors other than micro enterprises and small enterprises	316,795,624	252,701,549			
	<u>318,715,513</u>	<u>257,193,682</u>			
<b>Other current liabilities</b>					
Current maturities of long-term borrowings	142,518,000			142,052,278	
Interest accrued but not due on borrowings	4,962,109			2,591,900	
Deferred Interest	2,863,142			5,345,805	
Advance from customers	11,808,285			26,137,208	
Deferred revenue	79,865,955			88,701,862	
Deferred government grant	892,373			–	
Other Payables	62,263,468			54,724,991	
Other liabilities (Statutory)	11,040,846			16,835,125	
	<u>316,214,178</u>			<u>336,389,169</u>	

**12. Property, Plant and Equipment**

		Freehold land	Factory buildings	Computer equipments	Plant and equipment	Tools and fixtures	Office equipments	Furniture and fixtures	Vehicles	Batteries	Leasehold improvements	Total
												(Rs.)
<b>Cost or valuation</b>												
<b>At March 31, 2014</b>	15,180,637	165,693,764	35,838,537	146,863,545	349,727,668	12,551,677	13,333,899	73,902,410	4,847,432	23,596,305	841,535,874	
Additions	–	–	4,847,467	25,555,580	26,080,814	793,554	2,475,099	14,766,192	61,919,243	2,196,123	138,634,072	
Disposals	–	–	(4,025,142)	–	–	–	–	(5,465,403)	–	(1,001,575)	(10,492,120)	
<b>At March 31, 2015</b>	<u>15,180,637</u>	<u>165,693,764</u>	<u>36,660,862</u>	<u>172,419,125</u>	<u>375,808,482</u>	<u>13,345,231</u>	<u>15,808,998</u>	<u>83,203,199</u>	<u>66,766,675</u>	<u>24,790,853</u>	<u>969,677,826</u>	
Additions	–	8,365,433	8,122,764	25,620,750	13,651,065	1,937,412	2,989,028	35,644,488	106,151,265	4,734,195	207,216,400	
Disposals	–	–	(134,400)	–	–	(5,535)	–	(4,282,341)	–	(404,206)	(4,826,482)	
<b>At March 31, 2016</b>	<u>15,180,637</u>	<u>174,059,197</u>	<u>44,649,226</u>	<u>198,039,875</u>	<u>389,459,547</u>	<u>15,277,108</u>	<u>18,798,026</u>	<u>114,565,346</u>	<u>172,917,940</u>	<u>29,120,842</u>	<u>1,172,067,744</u>	
<b>Depreciation</b>												
<b>At March 31, 2014</b>	–	11,493,739	24,589,551	34,889,510	91,511,153	7,166,823	8,025,642	27,250,048	2,194,180	16,431,977	223,552,623	
Charge for the year	–	5,521,513	7,020,321	10,408,041	42,594,424	2,055,647	1,519,301	15,284,536	3,415,942	2,298,913	90,118,638	
Adjustment	–	–	907,853	–	–	–	–	–	–	–	907,853	
Disposals	–	–	(4,010,555)	–	–	–	–	(3,176,914)	–	(1,001,575)	(8,189,044)	
<b>At March 31, 2015</b>	<u>–</u>	<u>17,015,252</u>	<u>28,507,170</u>	<u>45,297,551</u>	<u>134,105,577</u>	<u>9,222,470</u>	<u>9,544,943</u>	<u>39,357,670</u>	<u>5,610,122</u>	<u>17,729,315</u>	<u>306,390,070</u>	
Charge for the year	–	5,455,993	5,612,159	11,007,460	38,399,965	2,142,175	1,641,990	19,768,126	16,884,830	2,375,509	103,288,207	
Disposals	–	–	(134,399)	–	–	(5,535)	–	(1,714,127)	–	(404,205)	(2,258,266)	
<b>At March 31, 2016</b>	<u>–</u>	<u>22,471,245</u>	<u>33,984,930</u>	<u>56,305,011</u>	<u>172,505,542</u>	<u>11,359,110</u>	<u>11,186,933</u>	<u>57,411,669</u>	<u>22,494,952</u>	<u>19,700,619</u>	<u>407,420,011</u>	
<b>Net Block</b>												
<b>At March 31, 2015</b>	<u>15,180,637</u>	<u>148,678,512</u>	<u>8,153,692</u>	<u>127,121,574</u>	<u>241,702,905</u>	<u>4,122,761</u>	<u>6,264,055</u>	<u>43,845,529</u>	<u>61,156,553</u>	<u>7,061,538</u>	<u>663,287,756</u>	
<b>At March 31, 2016</b>	<u>15,180,637</u>	<u>151,587,952</u>	<u>10,664,296</u>	<u>141,734,864</u>	<u>216,954,005</u>	<u>3,917,998</u>	<u>7,611,093</u>	<u>57,153,677</u>	<u>150,422,988</u>	<u>9,420,223</u>	<u>764,647,733</u>	

- a. Vehicles as on March 31, 2016 includes self generated assets aggregating to Rs. 104,578,869 (2015 – Rs. 71,351,834).
- b. Tools and Fixtures includes tools aggregating to Rs. 375,439,547 (2015 – Rs. 371,058,997) lying with third party vendors.
- c. Batteries includes such assets given on operating lease: Gross block Rs. 172,917,940 and Net Block Rs. 150,422,988 (2015 – Gross block Rs. 66,766,675 and Net Block Rs. 61,156,553).

MAHINDRA REVA ELECTRIC VEHICLES LIMITED  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

13. Intangible assets

	Product development expenditure	Technical know now	Computer software	(Rs.) Total
<b>Gross block</b>				
At March 31, 2014	865,985,564	312,454,338	39,166,306	1,217,606,208
Additions	10,582,487	–	5,746,175	16,328,662
Disposals	–	–	(1,718,217)	(1,718,217)
<b>At March 31, 2015</b>	<b>876,568,051</b>	<b>312,454,338</b>	<b>43,194,264</b>	<b>1,232,216,653</b>
Additions	382,139,898	–	11,527,446	393,667,344
Disposals	–	–	–	–
<b>At March 31, 2016</b>	<b>1,258,707,949</b>	<b>312,454,338</b>	<b>54,721,710</b>	<b>1,625,883,997</b>
<b>Amortisation</b>				
At March 31, 2014	338,986,253	210,801,560	29,582,001	579,369,814
Charge for the year	139,864,659	93,833,333	5,066,283	238,764,275
Disposals	–	–	(1,693,737)	(1,693,737)
<b>At March 31, 2015</b>	<b>478,850,912</b>	<b>304,634,893</b>	<b>32,954,547</b>	<b>816,440,352</b>
Charge for the year	145,581,742	7,819,445	5,219,483	158,620,670
Disposals	–	–	–	–
<b>At March 31, 2016</b>	<b>624,432,654</b>	<b>312,454,338</b>	<b>38,174,030</b>	<b>975,061,022</b>
<b>Net block</b>				
<b>At March 31, 2015</b>	<b>397,717,139</b>	<b>7,819,445</b>	<b>10,239,717</b>	<b>415,776,301</b>
<b>At March 31, 2016</b>	<b>634,275,295</b>	<b>–</b>	<b>16,547,680</b>	<b>650,822,975</b>

14. Loans and advances

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.	Rs.
<b>(A) Unsecured, Considered Good</b>				
Capital advances	160,226,560	122,909,953	–	–
Security deposits	2,666,591	1,026,156	–	–
Advances recoverable in cash or kind	–	–	64,905,275	16,925,334
<b>Other loans and advances</b>				
Advance income-tax (net of provision for taxation)	46,813,679	46,201,946	–	–
Prepaid expenses	–	–	6,359,196	5,297,434
Loans to employees	–	–	4,620,640	2,325,436
Balances with statutory/government authorities	–	–	209,837,481	100,600,725
	<b>209,706,830</b>	170,138,055	<b>285,722,592</b>	125,148,929

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.	Rs.
<b>(B) Unsecured, Considered Doubtful</b>				
Security deposits	843,993	843,993	–	–
Advances recoverable in cash or kind	7,655,825	6,715,099	–	–
Balances with statutory/government authorities	49,666,844	48,001,052	–	–
Provision for doubtful balances	(58,166,662)	(55,560,144)	–	–
	–	–	–	–
Total (A+B)	<b>209,706,830</b>	170,138,055	<b>285,722,592</b>	125,148,929

15. Current investments

	March 31, 2016	March 31, 2015
	Rs.	Rs.
<b>(valued at lower of cost and fair value, unless stated otherwise)</b>		
Unquoted mutual funds		
941,832 units (2015 – Nil units) of IDFC Ultra Short Term – Growth	20,000,000	–
Market Value Rs. 20,000,000 (2015 – Rs. Nil)		
58,048 units (2015 – Nil units) Birla Sun Life Savings Fund – Growth	17,000,000	–
Market Value Rs. 17,000,000 (2015 – Rs. Nil)		
5,041 units (2015 – Nil units) of HDFC Liquid Fund – Growth	15,000,000	–
Market Value Rs. 15,045,107 (2015 – Rs. Nil)		
Nil units (2015 – 1,625 units) of Tata Money Market Fund Plan A – Growth	–	3,516,369
Market Value Nil (2015 – Rs. 3,574,827)		
Nil units (2015 – 9,500 units) of ICICI Prudential Flexible Income – Growth	–	1,752,845
Market Value Nil (2015 – Rs 2,499,456)		
47,945 units (2015 – 7,787 units) of ICICI Money Market Fund – Cash – Growth	10,000,000	1,500,000
Market Value Rs. 10,026,470 (2015 – Rs. 1,504,869)		
13,582 units (2015 – 600 units) of IDFC Cash Fund – Growth	24,900,000	1,006,164
Market Value Rs. 24,974,085 (2015 – Rs. 1,019,261)		
Nil units (2015 – 16,911 units) units of Taurus Liquid Fund – Growth	–	25,563,850
Market Value Nil (2015 – Rs. 25,576,729)		
	<b>86,900,000</b>	33,339,228
Aggregate market value of unquoted investments	<b>87,045,662</b>	34,175,142

**MAHINDRA REVA ELECTRIC VEHICLES LIMITED**  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

**16. Inventories (valued at lower of cost and net realizable value)**

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
Raw materials and components [Includes in transit Rs. 33,534,281 (2015 – Rs. 22,080,957)]	257,941,236	180,427,927
Finished goods (Electric cars)	14,957,332	24,437,318
	<u>272,898,568</u>	<u>204,865,245</u>
<b>Details of inventory</b>		
<b>Raw materials and components</b>		
Battery	42,720,972	16,561,371
ABS Sheet	29,219,250	18,509,244
Others	186,001,014	145,357,312
	<u>257,941,236</u>	<u>180,427,927</u>

**17. Trade receivables**

	Non-current		Current	
	March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
<b>Unsecured, considered good unless stated otherwise</b>				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	–	–	1,294,811	4,286,444
Doubtful	7,868,187	3,974,877	–	–
	<u>7,868,187</u>	<u>3,974,877</u>	<u>1,294,811</u>	<u>4,286,444</u>
Provision for doubtful receivables	(7,868,187)	(3,974,877)	–	–
<b>(A)</b>	–	–	1,294,811	4,286,444
Other receivables				
Unsecured, considered good <b>(B)</b>	–	–	55,153,491	32,340,837
<b>Total (A + B)</b>	–	–	<u>56,448,302</u>	<u>36,627,281</u>

**18. Cash and bank balances**

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	27,180,802	5,606,702
Deposits with original maturity for less than three months	100,000,000	50,900,000
Cash on hand	11,556	23,998
	<u>127,192,358</u>	<u>56,530,700</u>

**19. Other Current Assets**

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
Interest accrued on deposits	22,329	250,004
	<u>22,329</u>	<u>250,004</u>

**20. Revenue from operations**

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
<b>Sale of products</b>		
Finished goods (Cars, Accessories and Spares)	597,350,838	325,801,261
Less: Excise duty	(50,607,570)	(32,811,156)
	<u>546,743,268</u>	<u>292,990,105</u>
After sales service	2,932,259	2,354,801
Development & Engineering Service income	23,359,215	66,837,106
Income from leasing	29,476,526	6,436,160
Scrap Sale	1,659,369	961,884
<b>Revenue from operations (net)</b>	<u>604,170,637</u>	<u>369,580,056</u>

**21. Other income**

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
Interest income on		
Bank deposits	6,300,474	3,367,517
Others	84,387	47,116
Net gain on sale of current investments	6,223,702	2,184,165
Government grant	331,837	–
Net foreign exchange gain	5,207,198	–
Provisions no longer required written back	4,969,571	7,422,163
Miscellaneous income	451,368	923,981
	<u>23,568,537</u>	<u>13,944,942</u>

**22. Cost of raw material and components consumed**

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
Inventory at the beginning of the year	180,427,927	141,248,798
Add: Purchases	610,735,604	393,907,065
	<u>791,163,531</u>	<u>535,155,863</u>
Less: Inventory at the end of the year	257,941,236	180,427,927
Less: Issued for product development	18,733,060	22,992,467
<b>Cost of raw material and components consumed</b>	<u>514,489,235</u>	<u>331,735,469</u>

**Details of raw material and components consumed (includes capitalised)**

Battery	197,348,835	106,404,930
Others	335,873,460	248,323,006
	<u>533,222,295</u>	<u>354,727,936</u>

**Imported and indigenous raw materials, components and spare parts consumed**

	March 31, 2016		March 31, 2015	
	% of total consumption	Value * (Rs.)	% of total consumption	Value * (Rs.)
Imported	52%	275,790,534	51%	179,187,388
Indigenously obtained	48%	257,431,761	49%	175,540,548
	<u>100%</u>	<u>533,222,295</u>	<u>100%</u>	<u>354,727,936</u>

\* Includes prototype development expenditure of Rs. 18,733,060 (2015 – Rs. 22,992,467).

MAHINDRA REVA ELECTRIC VEHICLES LIMITED  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

23. (Increase)/decrease in inventories

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
<b>Inventories at the end of the year</b>		
Finished goods	14,957,332	24,437,318
	<u>14,957,332</u>	<u>24,437,318</u>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	-	3,716,256
Finished goods	24,437,318	10,648,934
	<u>24,437,318</u>	<u>14,365,190</u>
(Increase)/decrease in inventories	9,479,986	(10,072,128)

24. Employee benefit expense

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
Salaries, wages and bonus	255,589,582	249,537,097
Contribution to provident and other fund	29,186,239	25,326,979
Stock Option cost	2,346,417	5,485,488
Staff welfare expenses	19,119,855	11,734,801
	<u>306,242,093</u>	<u>292,084,365</u>

25. Other expenses

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
Power and fuel	8,092,943	8,898,671
Freight and forwarding charges	8,111,775	5,297,836
Rent	14,053,703	14,677,765
Rates and taxes	11,198,766	2,946,268
Insurance	3,723,820	2,141,481
Repairs and maintenance		
Plant and machinery	5,329,639	9,325,400
Buildings	6,662,494	842,872
Others	8,943,145	5,904,342
Sub-contracting expenses	20,647,524	20,085,650
Excise duty on finished goods inventory	261,419	1,720,957
Advertising and sales promotion	137,275,689	84,783,983
Research and Development Expenses	6,235,795	5,650,201
Intangibles under development written off	32,222,908	-
Travelling and conveyance	34,924,570	29,262,204
Communication costs	2,685,804	3,892,363
Legal and professional fees	50,374,910	65,782,709
Payment to auditor (Refer details below)	2,236,300	1,556,584
Provision for warranties (net of reversals)	20,817,431	9,256,433
Settlement/Provision for claims	-	10,604,363
Provision for doubtful debts and advances	6,499,828	1,158,544
Exchange differences (net)	-	4,771,034
Loss on assets sold/discarded (net)	529,473	1,785,251
Security Charges	4,866,176	4,156,129
Recruitment Expenses	3,836,958	6,220,773
Miscellaneous Expenses	15,175,837	15,072,956
	<u>404,706,907</u>	<u>315,794,769</u>

Payment to auditor  
(Excluding Service Tax)

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
<b>As auditor:</b>		
Audit fee	1,250,000	1,250,000
Other services	850,000	150,000
Reimbursement of expenses	136,300	156,584
	<u>2,236,300</u>	<u>1,556,584</u>

26. Depreciation and amortisation expense

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
Depreciation of tangible assets	103,288,207	90,118,639
Amortisation of intangible assets	158,620,670	238,764,275
	<u>261,908,877</u>	<u>328,882,914</u>

27. Finance costs

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
Interest on borrowings	43,670,495	60,188,732
Interest on indirect tax disputes	1,341,983	5,245,667
Bank charges	1,358,647	492,988
	<u>46,371,125</u>	<u>65,927,387</u>

28. Earnings per share (EPS)

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
Loss and share data used in basic and diluted EPS computations:		
Net loss for calculation of basic and diluted EPS	915,459,049	940,827,778
Weighted average number of equity shares in calculating basic and diluted EPS (No.)	93,108,171	35,059,039

29. Gratuity and other post-employment benefit plans

The Company operates one defined plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

	Gratuity	
	March 31, 2016 Rs.	March 31, 2015 Rs.
Net employee benefit expense recognized in the employee cost		
Current service cost	6,784,925	6,082,995
Interest cost on benefit obligation	1,947,547	1,682,084
Expected return on plan assets	(1,849,288)	(1,600,351)
Net actuarial (gain)/loss recognized in the year	3,075,952	980,280
Net benefit expense	<u>9,959,136</u>	<u>7,145,008</u>
Actual return on plan assets	<u>1,534,718</u>	<u>2,832,267</u>



**MAHINDRA REVA ELECTRIC VEHICLES LIMITED**  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

	<b>Gratuity</b>	
	<b>March 31, 2016</b>	March 31, 2015
	Rs.	Rs.
<b>Balance sheet</b>		
Benefit asset/liability		
Present value of defined benefit obligation	<b>36,592,252</b>	28,113,261
Fair value of plan assets	<b>(26,390,986)</b>	(21,356,268)
Plan asset/(liability)	<b>(10,201,266)</b>	(6,756,993)

**Changes in the present value of the defined benefit obligation are as follows:**

Opening defined benefit obligation	<b>28,113,261</b>	18,550,674
Current service cost	<b>6,784,925</b>	6,082,995
Interest cost	<b>1,947,547</b>	1,682,084
Benefits paid	<b>(3,014,863)</b>	(414,688)
Actuarial (gains)/losses on obligation	<b>2,761,382</b>	2,212,196
<b>Closing defined benefit obligation</b>	<b>36,592,252</b>	28,113,261

**Changes in the fair value of plan assets are as follows:**

<b>Opening fair value of plan assets</b>	<b>21,356,268</b>	15,538,689
Expected return	<b>1,849,288</b>	1,600,351
Contributions by employer	<b>6,514,863</b>	3,400,000
Benefits paid	<b>(3,014,863)</b>	(414,688)
Actuarial gains/(losses)	<b>(314,570)</b>	1,231,916
<b>Closing fair value of plan assets</b>	<b>26,390,986</b>	21,356,268

The Company expects to contribute Rs. 7,000,000 to gratuity in the next year. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Investments with insurer	<b>100%</b>	100%
--------------------------	-------------	------

The principal assumptions used in determining gratuity for the Company's plan are shown below:

	<b>March 31, 2016</b>	March 31, 2015
Discount rate	<b>7.32%</b>	7.85%
Expected rate of return on assets	<b>8%</b>	8%
Employee turnover	<b>12%</b>	12%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amount for the current and previous four periods are as follows:

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Gratuity</b>					
Defined benefit obligation	36,592,252	28,113,261	18,550,674	13,659,570	9,933,270
Plan assets	26,390,986	21,356,268	15,538,689	14,798,100	10,534,806
Surplus/(deficit)	(10,201,266)	(6,756,993)	(3,011,985)	1,138,530	601,536
Experience adjustments on plan liabilities	2,761,382	2,212,196	876,073	(501,352)	(150,305)
Experience adjustments on plan assets	(314,570)	1,231,916	(443,259)	258,510	(240,003)

**30. Employee stock option plans**

The Company has share-based schemes for its employees and directors. The Company follows intrinsic method of accounting for stock compensation cost pursuant to the Guidance Note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India.

The details of the plans and options are given below:

Particulars	Reva ESOP 2008	Reva ESOP 2008 – II	Reva ESOS 2012	Reva ESOS 2013	Reva ESOS 2014
Date of scheme	June 2008	September 2008	September 2013	September 2013	September 2014
Number of options allocated for grant	750,000	250,000	66,680	126,286	376,519
Number of options granted	6,900	233,437	66,680	126,286	376,519
Method of settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity
		3 years	1 to	1 to	
Vesting period	4 years	6 months	7 years	7 years	1 year

The details of activity under Reva ESOP 2008, 2008 II, 2012, 2013 and 2014 have been summarized below:

	<b>31-Mar-2016</b>				
	<b>Reva ESOP 2008</b>	<b>Reva ESOP 2008 – II</b>	<b>Reva ESOP 2012</b>	<b>Reva ESOP 2013</b>	<b>Reva ESOP 2014</b>
Outstanding at the beginning of the year	6,900	233,437	66,680	126,286	376,519
Granted during the year	-	-	-	-	-
Exercised during the year	-	-	66,680	-	-
Forfeited during the year	-	-	-	-	-
Outstanding at the end of the year	<b>6,900</b>	<b>233,437</b>	-	<b>126,286</b>	<b>376,519</b>
Exercisable at the end of the year	6,900	233,437	-	126,286	376,519
Weighted average of remaining contractual life (in years)	-	-	-	5.00	4.02

	<b>31-Mar-2015</b>				
	<b>Reva ESOP 2008</b>	<b>Reva ESOP 2008 – II</b>	<b>Reva ESOP 2012</b>	<b>Reva ESOP 2013</b>	<b>Reva ESOP 2014</b>
Outstanding at the beginning of the year	13,800	233,437	66,680	126,286	-
Granted during the year	-	-	-	-	376,519
Forfeited during the year	6,900	-	-	-	-
Outstanding at the end of the year	<b>6,900</b>	<b>233,437</b>	<b>66,680</b>	<b>126,286</b>	<b>376,519</b>
Exercisable at the end of the year	6,900	233,437	66,680	126,286	376,519
Weighted average of remaining contractual life (in years)	-	-	6.00	6.00	5.02

(a) The weighted average exercise price of all the options is Rs. 124.05 (2015 – Rs. 127.50) and weighted average fair value of options granted on the date of the grant is Rs. 52.35 (2015 – Rs. 52.35). The fair value of the option at date of grant had been arrived using Black – Scholes Pricing Model, by applying exercise price on the date of grant, average interest rate of 7.5% and expected life of the options 4 years (ESOP 2008), 7 years (ESOP 2012 and ESOP 2013) and 5 years (ESOP 2014).

(b) During the year the Company issued 66,680 (2015: Nil) shares on exercise of options granted under Reva ESOP 2012, wherein part consideration was received in the form of employee services. Total number of shares issued during the period of five years immediately preceding the reporting date is 66,680 (2015: Nil).

MAHINDRA REVA ELECTRIC VEHICLES LIMITED  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

31. Leases

**Finance lease: Company as lessee**

The Company has not entered into any finance lease arrangement.

**Operating lease: Company as lessee**

The Company has taken office and other facilities under cancellable and non-cancellable operating leases with lock in periods, which are renewable on a periodic basis and are cancellable, at the option of both the lessee and the lessor. The future rental commitments for non-cancellable period (including notice period) are as follows:

	March 31, 2016 Rs.	March 31, 2015 Rs.
Lease payments for the year*	<u>17,438,033</u>	<u>17,584,056</u>
Minimum lease payments		
Not later than one year	7,329,499	14,395,798
Later than one year but not later than five years	-	-
More than five years	-	-
	<u>7,329,499</u>	<u>14,395,798</u>

\* Includes amount capitalised – Rs. 3,384,330 (2015 – Rs. 2,906,291).

**Operating lease commitments – Company as lessor**

The Company has leased out power pack batteries on operating lease for a period of 5 years and such assets are to be returned to the Company at the end of lease term. There are no uncollectible minimum lease receivables at the balance sheet date.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	March 31, 2016 Rs.	March 31, 2015 Rs.
Within one year	41,141,892	14,148,012
After one year but not more than five years	111,487,398	50,375,731
More than five years	-	-
	<u>152,629,290</u>	<u>64,523,743</u>

32. Product development expenditure

a) Expenses incurred during the year\*

	March 31, 2016 Rs.	March 31, 2015 Rs.
Raw Material and Components	18,733,060	22,992,467
Salaries and Wages	152,590,032	142,208,743
Professional Charges	10,155,938	18,961,010
Rent	3,384,330	2,906,291
Testing Charges	21,086,739	10,709,786
Subcontracting charges	2,578,850	3,101,379
Travel expenses	3,324,154	-
Interest expenses	12,294,057	2,753,070
	<u>224,147,160</u>	<u>203,632,746</u>

\* Expenses disclosed under the respective notes are net of above amounts.

b) Movement of Intangible assets under development during the year

	March 31, 2016 Rs.	March 31, 2015 Rs.
At the beginning of the year	426,958,403	234,258,091
Expenses incurred during the year	224,147,160	203,632,746
Capitalised during the year*	(390,078,515)	(10,932,434)
Written off during the year	(32,222,908)	-
Recovered from customer	(5,396,527)	-
<b>At the end of the year</b>	<u>223,407,613</u>	<u>426,958,403</u>

\* Includes tools capitalised Rs. 7,938,617 (2015 – Rs. 349,820).

33. Segment information

The Company currently operates in a single business segment i.e. battery operated electric cars and development of technology thereof. The geographical segment information is disclosed based on the location of customers. The operations of the Company comprise export sales to Europe and other foreign countries. The management views the Indian market and export market as distinct geographical segments.

	(Rs.)			
Year ended 31 March 2016	India	Europe	Others	Total
<b>Revenue</b>				
Sales to external customers	529,497,777	40,965,383	33,707,477	604,170,637
<b>Other segment information</b>				
Segment assets	2,688,394,797	7,647,516	38,676,058	2,734,718,371
				(Rs.)
Year ended 31 March 2015	India	Europe	Others	Total
<b>Revenue</b>				
Sales to external customers	327,984,162	9,121,688	32,474,206	369,580,056
<b>Other segment information</b>				
Segment assets	2,108,995,653	22,089,667	24,093,116	2,155,178,436

34. Related party disclosures

**Names of related parties and related party relationship**

**Related parties where control exists**

Ultimate holding company Mahindra & Mahindra Limited

**Related parties where control exists**

Holding company Mahindra Vehicles Manufacturers Limited (from December 30, 2015)  
Mahindra & Mahindra Limited (till December 29, 2015)

**Related parties with whom transactions have taken place during the year**

Fellow subsidiaries Mahindra Vehicles Manufacturers Limited USA  
Mahindra Integrated Business Solutions Private Limited (erstwhile Mahindra BPO Services Private Limited)  
Mahindra Logistics Limited  
NBS International Limited  
Lords Freight India Pvt Ltd  
Mahindra International UK  
Bristlecone India Limited  
Mahindra Two Wheelers Limited  
Mahindra Racing UK Ltd

Associate companies of the ultimate holding company

Tech Mahindra Limited  
Mahindra CIE Automotive Limited

Key management personnel

Mr. Chetan Maini (CEO till April 30, 2015)  
Mr. Sandeep K Maini  
Mr. Gautam Maini (Director till January 11, 2016)  
Mr. Arvind Mathew (CEO from May 1, 2015)  
Mr. Ajay Patel (CFO)  
Mr. Narayana Swamy (Manager)

Relatives of key management personnel

Mrs. Reva Maini  
Mr. Sudarshan.K. Maini

Enterprises owned or significantly influenced by key management personnel or their relatives

Bangalore Transport Finance Corporation  
Maini Sadan  
Maini Materials Movement Private Limited  
Maini Precision Products Private Limited  
Maini Plastics and Composites Pvt Ltd  
Maini Industries

**MAHINDRA REVA ELECTRIC VEHICLES LIMITED**  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

**34. Related party disclosures (Contd)**

Particulars	Mahindra & Mahindra Limited	Mahindra Vehicle Manufacturers Limited	Mahindra Racing UK Limited	NBS International	Mahindra Automobile Distributor Private Limited	Mahindra International UK	Maini Plastics & Composites Private Limited	Maini Materials Movement Private Limited	Maini Precision Products Private Limited	Maini Sadan	KMP	Mahindra CIE Automotive Limited	Tech Mahindra Limited	Others	Total
<b>Transactions during the year</b>															
Sale of goods and services	7,026,661 (3,168,553)			1,029,962 (9,367,309)		40,082,373 (-)	898,286 (4,630,044)	115,482 (637,507)	8,827,364 (4,741,277)			- (8,666)	731,129 (-)		58,711,257 (22,553,356)
Development Fee	23,359,215 (57,322,248)		- (8,238,858)					- (1,276,000)							23,359,215 (66,837,106)
Purchase of goods and services	33,025,292 (25,077,580)	- (823,102)					26,439,220 (36,535,700)	22,282,874 (16,215,264)	21,014,519 (8,820,231)			2,529,371 (1,212,510)	44,944 (4,249,092)	16,329,897 (10,701,528)	121,666,117 (103,635,007)
Purchase of fixed assets	922,248 (839,879)						- (615,984)	- (825,846)							922,248 (2,281,709)
Loans repaid					- (50,000,000)										- (50,000,000)
Interest paid					- (136,986)										- (136,986)
Rent paid	1,191,924 (374,821)							14,262,786 (13,560,750)	204,541 (204,115)	1,268,112 (1,418,904)					16,927,363 (15,558,590)
Reimbursement of expenses by Company	14,910,815 (10,040,297)		75,705 (-)	627,937 (823,164)		1,375,767 (-)			899,192 (580,065)	517,528 (557,905)				767,151 (-)	19,174,095 (12,001,431)
Crosscharge of expenses to others	87,240 (36,639)		- (3,170,150)								273,620 (-)		47,760 (-)		408,620 (3,206,789)
Allotment of equity shares (including premium)	2,089,999,915 (400,000,120)														2,089,999,915 (400,000,120)
Share application money received pending allotment		229,999,993 (-)													229,999,993 (-)
Assets sold											225,001 (-)				225,001 (-)
Reimbursement of ESOP Cost*	84,334 (-)														84,334 (-)
ESOP Exercised											666,800 (-)				666,800 (-)
Remuneration to key management personnel															
- Arvind Mathew											11,757,218 (-)				11,757,218 (-)
- Narayana Swamy											1,742,608 (-)				1,742,608 (-)
- Chetan Maini											1,368,511 (26,008,088)				1,368,511 (26,008,088)
<b>Balances as at year end</b>															
Deferred Revenue	118,198,955 (146,201,863)														118,198,955 (146,201,863)
Amount receivable	3,783,995 (1,875,398)		- (11,409,008)	168,488 (-)		5,438,462 (-)	602,355 (-)		4,810,973 (-)			17,306,000 (9,176,000)			32,110,273 (22,460,406)
Amount payable	36,223,587 (39,853,408)	50,846 (-)		- (304,037)			3,999,341 (6,373,190)	6,677,089 (8,061,567)	6,915,894 (2,014,153)			1,605,391 (731,542)	- (2,818,157)	2,371,989 (2,677,731)	57,844,137 (62,833,785)

Note:

\*Represents cost reimbursed by the Company towards ESOP granted by the ultimate holding company to certain employees of the Company.

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Figures in brackets represent amounts for previous year ended March 31, 2015.

MAHINDRA REVA ELECTRIC VEHICLES LIMITED  
(FORMERLY MAHINDRA REVA ELECTRIC VEHICLES PRIVATE LIMITED)

35. Capital and other commitments

	March 31, 2016 Rs.	March 31, 2015 Rs.
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	116,724,038	98,486,489
b) For commitments relating to lease arrangements, please refer note 31		

36. Contingent liabilities not provided for\*

	March 31, 2016 Rs.	March 31, 2015 Rs.
a) Central Excise/Service tax matters under dispute	54,379,094	42,524,949
b) Claims against the Company not acknowledged as debts	537,372	6,003,190
c) Duty on pending export obligation	5,524,433	-
d) One of the overseas dealers had claimed damages/compensation for termination of dealership without adequate notice by the Company. Pending settlement of the claim through legal process/negotiations, based on consultation with the legal advisors, the Company had provided for Rs. 18.5 million towards such claims under litigation.		

\* The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

37. Foreign currency exposures

The Company has significant receivable/(payable) in foreign currency as at March 31, 2016 which has not been hedged. The details of unhedged balances are as below:

	Amount (Rs)	Equivalent Foreign Currency		
		EURO	USD	GBP
<b>Sundry Creditors</b>				
2016	(31,092,761)	(671)	(444,343)	(14,281)
2015	(20,916,371)	(7,457)	(324,248)	-
<b>Sundry Debtors, Gross</b>				
2016	7,281,911	1,010	12,874	72,120
2015	11,878,374	830	12,874	124,525
<b>Advance from customers</b>				
2016	(44,184)	(597)	-	-
2015	(177,615)	(2,579)	(76)	-
<b>Advance to Suppliers</b>				
2016	39,041,663	11,560	652,265	231
2015	34,304,409	142,969	440,540	2,983

38. Value of imports calculated on CIF basis

	March 31, 2016 Rs.	March 31, 2015 Rs.
Raw materials and components	354,879,371	184,595,184
Capital goods	15,123,024	4,787,554
	<u>370,002,395</u>	<u>189,382,738</u>

39. Expenditure in foreign currency (accrual basis)

	March 31, 2016 Rs.	March 31, 2015 Rs.
Royalty	1,030,800	188,400
Travelling and conveyance	7,827,357	2,847,523
Marketing Expenses	2,792,937	6,688,129
Legal and professional fees	6,371,108	9,788,601
Others	11,184,223	5,056,398
	<u>29,206,425</u>	<u>24,569,051</u>

40. Earnings in foreign currency (accrual basis)

	March 31, 2016 Rs.	March 31, 2015 Rs.
Exports at F.O.B. Value	41,209,971	10,194,017
Others (Freight, Insurance, Packing, Service Income, Dealer settlements)	485,943	13,603,916
	<u>41,695,914</u>	<u>23,797,933</u>

41. Details of dues to micro and small enterprises as defined under the MSME Act, 2006

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act) as at March 31, 2016.

	March 31, 2016 Rs.	March 31, 2015 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount	1,792,483	4,376,219
Interest	127,406	115,914
	<u>1,919,889</u>	<u>4,492,133</u>

The amount of interest paid by the Company along with the amounts of payment to the supplier beyond the appointed day for the year ending March 31, 2016

Principal amount	-	-
Interest	-	-

The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)

	11,492	24,152
--	--------	--------

The amount of interest accrued and remaining unpaid for the year ending March 31, 2016

	11,492	24,152
--	--------	--------

The amount of further interest remaining due and payable for the earlier years.

	115,914	91,762
--	---------	--------

42. Previous year figures

Previous year's figures have been regrouped where necessary to conform to this year's classification.

For and on behalf of the Board of Directors of

**Mahindra Reva Electric Vehicles Limited**

**Dr. Pawan Kumar Goenka**  
Chairman

**V. S. Parthasarthy**  
Director

**Pravin N. Shah**  
Director

**Ajay Patel**  
Chief Financial Officer

**Arvind Mathew**  
Chief Executive Officer

Place: Mumbai  
Date: April 27, 2016

**For S.R. BATLIBOI & ASSOCIATES LLP**

Firm Registration Number: 101049W

Chartered Accountants

per **Navin Agrawal**

Partner

Membership No.: 56102

Place: Bengaluru  
Date: April 27, 2016

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their twentieth Report together with the Audited Financial Statements of your Company for the year ended 31<sup>st</sup> March, 2016.

### Financial Highlights and State of Company's Affairs

Particulars	(Rs. In Lakhs)	
	Financial Year Ended 31 <sup>st</sup> March, 2016	Financial Year Ended 31 <sup>st</sup> March, 2015
Revenue	18,885.97	18,027.42
Profit/(Loss) before Interest, Depreciation, Amortisation Expenses and Taxation	48.10	(180.70)
Less: Interest	142.46	0.09
Less: Depreciation and Amortisation Expenses	147.90	161.70
Profit/(Loss) before Taxation	(242.26)	(342.49)
Less: Provision for Taxation	-	-
Provision for Deferred Tax	-	10.59
Profit/(Loss) after Taxation	(242.26)	(331.90)
Profit/(Loss) brought forward from earlier years	(968.19)	(629.81)
Balance of Profit/(Loss) carried forward	(1,210.45)	(968.19)
Net Worth	(239.93)	(947.67)

During the year under review, your Company issued 95,00,000 Equity Shares of Rs. 10/- each for cash at par on rights basis. Pursuant to the said issue, the paidup share capital of the Company increased from Rs. 5,05,000 to Rs. 9,55,05,000 as at the end of the year under review.

### Operations

During the year under review, several new products were launched by Mahindra & Mahindra. This has helped your Company in improving the performance in declining market scenario. Total sales volume marginally increased by 2% for 2015-16 to 2,334 against 2,284 vehicles in previous year. While Personal range of vehicles de-grew by 5%, Commercial range of vehicles supported performance with growth of 10%. Service volumes for the year grew by 7% from 17,187 vehicles in 2014-15 to 18,394 vehicles in 2015-16.

Several initiatives were taken to build customer relationship and scale up capacity of the sales and service team throughout the year.

However the slowdown in the automotive industry in the year continued to impact the Company throughout the year. However, introduction of new models & austerity drive has helped company restricting loss to Rs. 242.26 lakhs for the year, as compared to loss of Rs. 331.91 lakhs in the previous year.

Due to the loss for the year, the net worth of the Company has been eroded. However, your Company shall strive to recover profitability in the longer term.

### Dividend

In view of the losses, your Directors have not considered any dividend for the Financial Year under review.

### Board of Directors

The Composition of Board of Directors of the company is as under:

Sl. No.	Name of the Director	Designation	Executive/ Non Executive	Independent/ Non Independent
1	Mr. Pravin Nagindas Shah (DIN: 00056173)	Chairman	Non-Executive	Non Independent
2	Mr. Rajeshwar Tripathi (DIN: 06734734)	Director	Non-Executive	Non Independent
3	Mr. Ramesh Ganesh Iyer (DIN: 00220759)	Director	Non-Executive	Non Independent
4	Mr. Nozar Cavas Bharucha (DIN: 03315303)	Director	Non-Executive	Non Independent
5	Mr. Vijay Ramswaroop Nakra (DIN: 02638616)	Director	Executive	Non Independent
6	Mr. Subhash Chandra Bhargava (DIN: 00020021)	Director	Non-Executive	Independent
7	Mr. Rahul Durgaprasad Asthana (DIN: 00234247)	Director	Non-Executive	Independent

Mr. Vijay Nakra, Whole Time Director (DIN: 02638616) and Mr. P N Shah (DIN: 00056173) retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting of the Company.

Your Company has received declarations from Mr. Rahul Asthana (DIN: 00234247) and Mr. S C Bhargava (DIN: 00020021), Independent Directors, to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

#### Meetings of the Board and Annual General Meeting

Your Board of Directors met 4 times during the year under review i.e on 9<sup>th</sup> May, 2015, 29<sup>th</sup> July, 2015, 29<sup>th</sup> October, 2015 and 29<sup>th</sup> January, 2016.

19<sup>th</sup> Annual General Meeting of the shareholders of the Company was held on 29<sup>th</sup> July, 2015.

The attendance at the meetings of the Board was as under:-

Name of Directors	No. of meetings attended
Mr. Pravin Shah	4
Mr. Rajeshwar Tripathi	3
Mr. Ramesh Iyer	4
Mr. Nozar Bharucha	4
Mr. Vijay Nakra	4
Mr. S C Bhargava	3
Mr. Rahul Asthana	3

#### Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received from operating management and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been 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;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and Employees affirming compliance with the respective code of Conduct for Directors and Senior Management Employees respectively.

#### Key Managerial Personnel

During the year under review, Ms. Binal Thakker was appointed as Company Secretary with effect from 29<sup>th</sup> July, 2015.

#### Meeting of Independent Directors

The Independent Directors of the Company met on 23<sup>rd</sup> October, 2015 without the presence of the Chairman or Executive Director or other Non-Independent Directors or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### Committees of the Board:

##### Audit Committee

The Audit Committee consists of Mr. Rahul Asthana, Independent Director, Mr. S C Bhargava, Independent Director and Mr. Nozar Bharucha.

The Committee met 4 times during the year i.e, on 9<sup>th</sup> May, 2015, 29<sup>th</sup> July, 2015, 29<sup>th</sup> October, 2015 and 29<sup>th</sup> January, 2016 and complied with the terms of reference assigned to the Committee.

The attendance at the meetings of the Committee was as under:-

Name of Directors	No. of meetings attended
Mr. Nozar Bharucha	4
Mr. S C Bhargava	3
Mr. Rahul Asthana	3

##### Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Mr. Rahul Asthana, Independent Director, Mr. S C Bhargava, Independent Director, Mr. Ramesh Iyer and Mr. Rajeshwar Tripathi.

Mr. Rajeshwar Tripathi is the Chairman of the Nomination and Remuneration Committee.

The Committee met twice during the year under review i.e. on 9<sup>th</sup> May, 2015 and 29<sup>th</sup> July, 2015.

The attendance at the meetings of the Committee was as under:-

Name of Directors	No. of meetings attended
Mr. Rajeshwar Tripathi	2
Mr. Ramesh Iyer	2
Mr. S C Bhargava	1
Mr. Rahul Asthana	2

The Committee members at their meeting held on 26<sup>th</sup> April, 2016 carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

**Policy for Remuneration of Directors, Key Managerial Personnel, and other Employees and Criteria for appointment/removal of Directors and Senior Management Personnel.**

Policies for remuneration of Directors, Key Managerial Personnel and other Employees and for the appointment/removal of Directors and Senior Management Personnel have been formulated. The same are in line with the principles of transparency and consistency and approved by the Board upon recommendation of Nomination and Remuneration Committee.

The policies are furnished as Annexure I and form part of this Report.

**Risk Management Policy**

Your Company has a Risk Management Policy in force. The policy identifies elements of risk, if any, which may threaten the existence of the Company. The well devised policy enables your company to foresee the risks associated with the business of the Company and in managing the same if confronted with.

**The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

During the year under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013, and Rules made thereunder.

**Statutory Auditors & Auditors Report**

Messrs. B K Khare & Co, Chartered Accountants, (ICAI registration Number 105102W) were appointed, as Auditors of your Company, at its 18th Annual General Meeting held on 1st August, 2014 from its conclusion till the conclusion of 23rd Annual General Meeting. In terms of Section 139(1) of Companies Act, 2013, such appointment is required to be ratified by members at every Annual General Meeting.

The members are requested to ratify the appointment of Auditors so made at the forthcoming Annual General Meeting and fix their remuneration.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if ratification made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

**Reporting on Frauds by Auditors**

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this report.

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3) (m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as Annexure II to this Report.

**Corporate Social Responsibility**

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

**Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

During the year under review, your Company had not made any investment or given loans/guarantees of the nature covered under Section 186.

**Public Deposits and Loans/Advances**

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances particulars in respect of which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to Parent Company Mahindra and Mahindra Limited.

**Particulars of Transactions with Related Parties**

There were no contracts/arrangements/transactions entered, during the year under review with related parties, which are in the nature of transactions referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as Annexure III and the same forms part of this Report.

**Extract of Annual Return**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2016 is attached herewith as Annexure IV and forms part of this Report.

**Internal Financial Controls**

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on Financial Statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of Financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide oversight of the internal control systems.

**Safety, Health and Environmental Performance**

Your Company's commitment towards safety, health and environment is strong and persons working at your Company's facilities are given training on safety and health.

### **Sustainability**

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

### **General**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Loan by the Company to purchase or subscribe shares having voting rights and not exercised directly by the employees.

5. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

### **Acknowledgements**

Your Directors are pleased to take this opportunity to thank the management, bankers, customers, vendors, employees and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

**P. N. SHAH**  
Chairman

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016



## ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.

### POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

#### Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in NBS International Limited.

#### Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, The overall compensation philosophy which guides us is that in order to achieve dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the industry while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by benchmarking with relevant players across the industry we operate in.

#### NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### Executive Directors:

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

#### Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive officer, Chief Financial Officer (CFO) and Company Secretary (CS) shall

be determined by the Board and may be revised from time to time, either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### Employees

We follow a differential approach based on industry benchmarking and statutory requirement, depending upon the level in the organization i.e for all employees from Technician to Senior Management Band, we benchmark with competition from the same industry.

We have a CTC (Cost to Company) concept. In Managerial and Senior Managerial band starting from Grade M3 and above CTC includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Appreciation Rights and/ or Stock Options to Employees and Directors (other than Independent Directors) in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

## POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means NBS International Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman/ Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

### REMOVAL OF DIRECTORS

- If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

### SENIOR MANAGEMENT PERSONNEL

- The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.
- Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman/ Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

## II. SUCCESSION PLANNING:

### Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

### Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

### Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

### Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

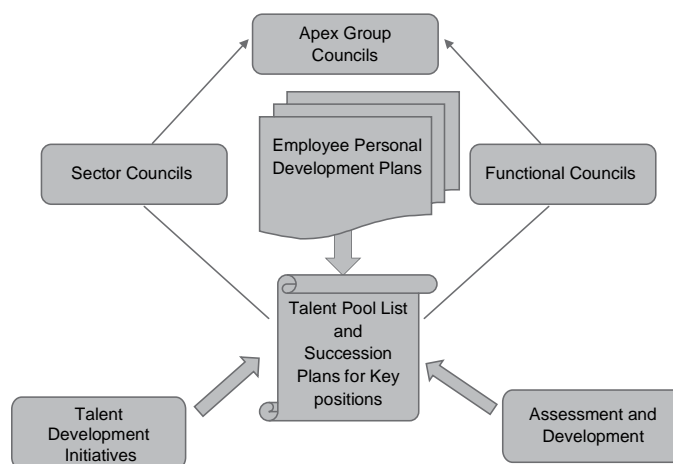
- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

**P. N. SHAH**  
Chairman

Place: Mumbai

Date: 26<sup>th</sup> April, 2016

## **ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.**

### **PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.**

#### **A. CONSERVATION OF ENERGY**

(a) the steps taken or impact on conservation of energy:

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programmes

(b) the steps taken by the Company for utilizing alternate sources of energy: Nil

(c) the capital investment on energy conservation equipments: Nil

#### **B. TECHNOLOGY ABSORPTION**

i) the efforts made towards technology absorption : Not Applicable

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Nil

iii) in case of imported technology ( imported during the last three years reckoned from the beginning of the financial year) – Not Applicable

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv. the expenditure incurred on Research and Development : Nil

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO: Nil**

For and on behalf of the Board

**P. N. SHAH**  
Chairman

Place: Mumbai

Date: 26<sup>th</sup> April, 2016

**ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.****FORM NO. AOC – 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis : Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis.

Amount in Lakhs

Sr. No	Name (s) of the related party & Nature of Relationship		Nature of contract	Duration of the Transaction	Salient terms of the Transaction including the value, if any		Date of Approval by the Board	Amount paid as advances, if any
1	Mahindra & Mahindra Limited	Holding Co.	Purchase of Vehicles & Spares	1 <sup>st</sup> Apr 15 to 31 <sup>st</sup> Mar 16	Prevailing rates	16746.09	N.A.	–

- Note: for the purpose of materiality, the following criteria have been considered.
- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

**P. N. SHAH**  
Chairman

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016

**ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.**

Form No. MGT-9

**Extract of Annual Return  
as on the financial year ended on 31<sup>st</sup> March, 2016**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS:**

1.	<b>CIN</b>	U18101MH1995PLC095482
2.	<b>Registration Date</b>	19/12/1995
3.	<b>Name of the Company</b>	NBS International Limited
4.	<b>Category/Sub-Category of the Company</b>	Company Limited by shares/Indian Non-Government Company.
5.	<b>Address of the Registered office and contact details</b>	10, Stone Building, Shop No.1, Opp. Chowpatty Sea Face, Mumbai 400 007. Tel. Ph. : 022 6624 4666 Fax No: 022 2364 1981
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	None

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	Wholesale and retail sale of new vehicles (passenger motor vehicles, ambulances, minibuses, jeeps, trucks, trailers and semi-trailers)	45101	90.23%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001.	L65990MH1945PLC004558	Holding Company	100%	2 (46)

**iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i. Category-wise Share Holding.**

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	50500	50500	100	–	95,50,500	95,50,500	100	0
e. Bank/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total A-(1)	–	50500	50500	100	–	95,50,500	95,50,500	100	0
<b>2. Foreign</b>									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total- A (2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (A)(1)+(A)(2)	–	50500	50500	100	–	95,50,500	95,50,500	100	0
<b>B. Public Shareholding</b>									
<b>1. Institution</b>	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/ FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub Total- (B)(1)	–	–	–	–	–	–	–	–	–
<b>2. Non-Institution</b>	–	–	–	–	–	–	–	–	–
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs.1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
Sub Total (B)(2)	–	–	–	–	–	–	–	–	–
<b>Total Public Shareholding B = (B) (1) + (B) (2)</b>	–	–	–	–	–	–	–	–	–
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	–	50500	50500	100	–	95,50,500	95,50,500	100	0

## ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	50,390	99.79	–	95,50,390	100.00	–	0.21
2	Mahindra & Mahindra Limited Jointly with Mr. Jayant Golgota*	1	0.00	–	1	0.00	–	–
3	Mahindra & Mahindra Limited Jointly with Mr. Ulhas N. Yargop*	1	0.00	–	1	0.00	–	–
4	Mahindra & Mahindra Limited Jointly with Mr. Pravin N. Shah*	1	0.00	–	1	0.00	–	–
5	Mahindra & Mahindra Limited Jointly with Mr. A G Tawde*	1	0.00	–	1	0.00	–	–
6	Mahindra & Mahindra Limited Jointly with Mr. S. Durgashankar*	1	0.00	–	1	0.00	–	–
7	Mahindra & Mahindra Limited Jointly with A. M. Choksey*	1	0.00	–	1	0.00	–	–
8	Mahindra & Mahindra Limited Jointly with Mr. V. K. Garg*	94	0.19	–	94	0.00	–	(0.19)
9	Mahindra Holdings Limited	10	0.02	–	10	0.00	–	(0.02)

\* Jointly held with Mahindra and Mahindra Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

## iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	50390	99.79	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.): 1. 26.06.2015 Allotment	–	–	95,00,000	100
	At the end of the year (or on the date of separation, if separated during the year)	–	–	95,50,390	100

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–



## v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		During the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	<b>Mr. P N Shah, Director (jointly with Mahindra and Mahindra Limited)</b>				
	At the beginning of the year	1	0	1	0
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	1	0

## V. INDEBTEDNES

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2015</b>				Nil
1) Principal Amount	0.00	0.00	0.00	0.00
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total of (1+2+3)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	15.0	18.30	0.00	33.30
- Reduction	0.00	13.18	0.00	13.18
Net Change	15.00	5.12	0.00	20.12
<b>Indebtedness at the end of the financial year-31.03.2016</b>				
1) Principal Amount	15.00	5.12	0.00	20.12
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	0.20	0.00	0.00	0.20
<b>Total of (1+2+3)</b>	<b>15.20</b>	<b>5.12</b>	<b>0.00</b>	<b>20.32</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Mr. Vijay Nakra	Total Amount
1.	Gross Salary	5.00	5.00
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - As % of Profit - Others, specify	-	-
5.	Others, please specify	-	-
	<b>Total (A)</b>	<b>5.00</b>	<b>5.00</b>
	Ceiling as per the Act	Rs. 84 lakhs p.a. as per Schedule V to the Companies Act, 2013	

## B. Remuneration to other directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. Rahul Asthana (ID)	Mr. S C Bhargava (ID)	
Independent Directors	–	–	
• Fee for attending board/committee meetings	1.90	1.50	3.40
• Commission	–	–	–
• Others, please specify	–	–	–
<b>Total (1)</b>	1.90	1.50	3.40
Other Non-Executive Directors	–	–	–
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others, please specify	–	–	–
<b>Total (2)</b>	–	–	–
<b>Total B = (1+2)</b>	1.90	1.50	3.40
<b>Total Managerial Remuneration</b>	–	–	–
Overall Ceiling as per the Act	–	–	Sitting fees Rs. 1 lakh per meeting as specified under Companies Act, 2013

## C. Remuneration to Key Managerial Personnel Other Than MD/Manager/ WTD

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount
		Mr. Sudhir Shah CEO	Ms. Binal Thakker Company Secretary (from 01.08.2015 to 31.03.2016)	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	50.47	–	50.47
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	NIL	–	–
5.	Others, specify	–	1.88	1.88
	Total	50.47	1.88	52.35

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):****A. Company**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give Details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

**B. Directors**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give Details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

**C. Other Officers in Default**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give Details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

**P. N. SHAH**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

To

The Members of **NBS INTERNATIONAL LIMITED**,

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **NBS International Limited** ("the Company"), which comprise the balance sheet as at March 31, 2016, and the statements of profit and loss and cash flow for the period from April 1, 2015 to March 31, 2016, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the period from April 1, 2015 to March 31, 2016.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
- in our opinion, the aforesaid financial statements comply with the Accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

- f. with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 3(9) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
  - iii. During the year, there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No. 105102W

**H. P. Mahajani**  
Partner  
Membership No. 030168

Place : Mumbai  
Date : 26<sup>th</sup> April, 2016

**ANNEXURE I TO THE AUDITOR'S REPORT**

Referred to in paragraph 9 of our report of even date on the financial statements of **NBS International Limited** for the year ended March 31, 2016

**Annexure to the Auditor's Report referred to in our report of even date:**

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a programme of phased verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed in respect of assets verified during the year.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable property.
- II. (a) The Inventory has been physically verified during the year by the management. On the basis of the information and explanations given to us discrepancies noticed on physical verification of inventory of spares and accessories have been properly dealt with in the books of accounts.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory of spares, accessories and vehicles followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The procedures followed by the management for physical verification of inventory of spares, accessories and vehicles are adequate in relation to the size of the company and the nature of its business.
- III. There are no companies, firms or other parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- IV. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore, para 3(iv) of the Order is not applicable to the company.
- V. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3(v) of the Order is not applicable to the company.

- VI. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- VII. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
  - (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.
  - (c) except for the following cases, there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the relevant authority.

Nature of statute	Nature of dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	36.06	A.Y. 2011-12	Appeal filed against order passed by DCIT
Income Tax Act, 1961	Income Tax	143.43	A.Y. 2012-13	Appeal filed against order passed by DCIT

- VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- IX. In our opinion and according to the information and explanations given to us, during the year, the term loans were applied for the purposes for which they were obtained. During the year, there were no moneys raised by way of initial public offer or further public offer (including debt instruments).
- X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 1 case of fraud aggregating to Rs. 10,000/, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed such case by the Management.
- XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

- XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.
- XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, para 3(xiv) of the Order is not applicable to the company.
- XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.
- XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, para 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No. 105102W

**H.P. Mahajani**  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> April, 2016

Membership No. 030168

## **ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NBS INTERNATIONAL LIMITED**

### **Report on the Internal Financial Control under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of NBS International Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2015 to March 31, 2016.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No. 105102W

**H.P. Mahajani**

Partner

Place : Mumbai  
Date : 26<sup>th</sup> April, 2016

Membership No. 030168



**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	(Currency: Indian Rupees ₹ in Lacs)	
		As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital .....	1 (1)	955.05	5.05
(b) Reserves and surplus .....	1 (2)	(1,194.98)	(952.72)
		<b>(239.93)</b>	<b>(947.67)</b>
<b>(2) Non-current liabilities</b>			
(a) Deferred tax liabilities .....	1 (3)	–	–
(b) Long-term provisions .....	1 (4)	49.54	47.46
		<b>49.54</b>	<b>47.46</b>
<b>(3) Current liabilities</b>			
(a) Trade payables .....	1 (5)	1,055.50	3,880.38
(b) Other current liabilities .....	1 (6)	601.64	258.95
(c) Short-term borrowings .....	1 (7)	2,012.56	–
(c) Short-term provisions .....	1 (8)	232.52	163.73
		<b>3,902.22</b>	<b>4,303.06</b>
<b>TOTAL</b> .....		<b>3,711.83</b>	<b>3,402.85</b>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets .....	1 (9)		
(i) Tangible assets .....		650.85	583.89
(ii) Intangible assets .....		0.42	0.42
(iii) Capital Work-in-Progress .....		0.47	12.92
		<b>651.74</b>	<b>597.23</b>
(b) Long-term loans and advances .....	1 (10)	461.36	346.96
		<b>1,113.10</b>	<b>944.19</b>
<b>(2) Current Assets</b>			
(a) Inventories .....	1 (11)	1,661.54	1,472.47
(b) Trade receivables .....	1 (12)	617.70	560.70
(c) Cash and Cash Equivalents .....	1 (13)	44.67	281.30
(d) Short-Term Loans and Advances .....	1 (14)	137.48	42.39
(e) Other Current Assets .....	1 (15)	137.34	101.80
		<b>2,598.73</b>	<b>2,458.66</b>
<b>TOTAL</b> .....		<b>3,711.83</b>	<b>3,402.85</b>

See accompanying notes to the financial statements, as under

Significant Accounting Policies &amp; Notes to Accounts

3

In terms of our report of even date

For and on behalf of the Board of Directors  
NBS International Ltd.**For B K Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**P.N. Shah**

Chairman

**Ramesh Iyer**

Director

**Rajeshwar Tripathi**

Director

**Vijay Nakra**

Director

**Nozar Bharucha**

Director

**S.C. Bhargava**

Director

**Rahul Asthana**

Director

Place: Mumbai

Date: 26<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Note No.	Year ended	Year ended
		March 31, 2016	March 31, 2015
I. Revenue from operations.....	2 (1)	18,453.11	17,662.35
II. Other operating income .....	2 (2)	432.86	365.07
<b>III. Total Revenue (I + II)</b>		<b>18,885.97</b>	<b>18,027.42</b>
IV. Expenses:			
Purchases of stock-in-trade.....	2 (3)	17,238.23	16,058.59
Changes in inventories of finished goods, work-in-progress .....	2 (4)	(189.07)	362.71
Employee benefits expense .....	2 (5)	810.69	771.27
Finance costs.....	2 (6)	145.47	4.72
Depreciation and amortization expense.....	1 (9)	147.90	161.70
Other expenses.....	2 (7)	975.01	1,010.92
<b>Total Expenses .....</b>		<b>19,128.23</b>	<b>18,369.92</b>
V. Profit before exceptional and extraordinary items and tax (III - IV).....		(242.26)	(342.50)
VI. Exceptional items.....		-	-
VII. Profit before extraordinary items and tax (V - VI).....		(242.26)	(342.50)
VIII. Extraordinary items.....		-	-
IX. Profit before tax (VII - VIII).....		(242.26)	(342.50)
X. Tax Expenses:			
(1) Current Tax (Including MAT) .....		-	-
(2) Less : MAT Credit Entitlements .....		-	-
(3) Deferred Tax .....	1(3)	-	(10.59)
XI. Profit/(Loss) for the period from continuing operations (VII - VIII) .....		(242.26)	(331.91)
XII. Profit/(Loss) from discontinuing operations .....		-	-
XIII. Tax expense of discontinuing operations .....		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII - XIII) .....		-	-
XV. Profit/(Loss) for the year (XI + XIV) .....		(242.26)	(331.91)
XVI. Earnings per equity share:	2 (9)		
(1) Basic & Diluted.....		(3)	(657)
<i>See accompanying notes to the financial statements, as under</i>			
Significant Accounting Policies & Notes to Accounts	3		

In terms of our report of even date

**For B K Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**H P Mahajani**

Partner

Membership No. 30168

Place: Mumbai

Date: 26<sup>th</sup> April, 2016For and on behalf of the Board of Directors  
NBS International Ltd.**P.N. Shah**

Chairman

**Ramesh Iyer**

Director

**Rajeshwar Tripathi**

Director

**Vijay Nakra**

Director

**Nozar Bharucha**

Director

**S.C. Bhargava**

Director

**Rahul Asthana**

Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

(Currency: Indian Rupees ₹ in Lacs)

	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
<b>A. <u>Cash Flow from Operating Activities</u></b>		
Net Profit before taxation .....	<b>(242.26)</b>	<b>(342.50)</b>
<u>Adjustments for:</u>		
Depreciation on fixed assets.....	147.90	161.70
Loss on sale of fixed assets.....	2.87	9.09
Interest expense .....	145.47	4.72
Provision for Doubtful Debts .....	-	-
Provision for Doubtful Advances.....	-	-
Bad Debts W/off .....	17.54	104.95
<b>Operating Profit before Working Capital changes .....</b>	<b>71.52</b>	<b>(62.04)</b>
<u>Adjustments for (Increase)/Decrease in Operating Assets:</u>		
Inventories.....	(189.07)	362.71
Trade Receivables .....	(57.00)	(232.06)
Short Term Loans and Advances.....	(95.09)	147.71
Long Term Loans and Advances .....	(95.34)	10.93
Other Current Assets .....	(35.54)	29.61
Other Non Current Assets.....	-	-
<u>Adjustment for Increase/(Decrease) in Operating Assets:</u>		
Trade Payables .....	(2,824.88)	(75.07)
Other Current Liabilities.....	342.69	(40.88)
Other Long-Term Liabilities.....	-	-
Short Term Provisions .....	48.24	37.18
Long Term Provisions.....	2.08	18.56
<b>CASH GENERATED FROM OPERATIONS .....</b>	<b>(2,832.39)</b>	<b>196.66</b>
Income tax Paid.....	(19.06)	(55.98)
<b>Net Cash inflow from/(outflow) from Operating activities (A) .....</b>	<b>(2,851.45)</b>	<b>140.68</b>
<b>B. <u>Cash Flow from Investing Activities</u></b>		
Purchase of fixed assets .....	(254.34)	(123.02)
Sale Proceeds from fixed assets .....	49.06	56.23
Interest received .....	-	-
<b>Net Cash inflow from/(outflow) from Investing activities (B) .....</b>	<b>(205.28)</b>	<b>(66.78)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)**

(Currency: Indian Rupees ₹ in Lacs)

	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
<b>C. Cash Flow from Financing Activities</b>		
Repayment of Long-Term Borrowings .....	–	–
Equity Infusion .....	950.00	–
Inter Corporate Deposit.....	1,000.00	–
Short Term Loan .....	1,500.00	–
Repayment of Short-ICD .....	(1,000.00)	–
Interest paid .....	(142.46)	(4.72)
<b>Net Cash inflow from/(outflow) from Financing activities (C) .....</b>	<b>2,307.54</b>	<b>(4.72)</b>
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<b>(749.19)</b>	<b>69.18</b>
<b>Opening Cash and Cash Equivalents</b>		
Cash in hand .....	7.97	19.94
Bank balances .....	273.33	192.18
	<b>281.30</b>	<b>212.12</b>
<b>Closing Cash and Cash Equivalents</b>		
Cash in hand .....	11.89	7.97
Bank balances .....	(479.78)	273.33
	<b>(467.89)</b>	<b>281.30</b>

In terms of our report of even date

For **B K Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**H P Mahajani**  
Partner  
Membership No. 30168

Place: Mumbai  
Date: 26<sup>th</sup> April 2016

For and on behalf of the Board of Directors  
NBS International Ltd.

<b>P.N. Shah</b>	Chairman
<b>Ramesh Iyer</b>	Director
<b>Rajeshwar Tripathi</b>	Director
<b>Vijay Nakra</b>	Director
<b>Nozar Bharucha</b>	Director
<b>S.C. Bhargava</b>	Director
<b>Rahul Asthana</b>	Director

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## NOTE 1: Notes to the Balance Sheet

## 1 SHARE CAPITAL:

## a. Details of authorised, issued and subscribed share capital:

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Authorised Capital</b>		
100,00,000 Equity Shares of Rs. 10/- each	1,000.00	50.00
<b>Issued Capital</b>		
95,50,500 Equity Shares of Rs. 10/- each	955.05	5.05
<b>Subscribed and Paid up</b>		
95,50,500 Equity Share of Rs. 10/- each (PY: 50,500 Equity Shares of Rs. 10/each.)	955.05	5.05
	<u>955.05</u>	<u>5.05</u>

## b. Information on shareholders:

Name of Shareholder	Relationship	As at March 31, 2016		As at March 31, 2015	
		No of Equity shares held	Percentage	No of Equity shares held	Percentage
Mahindra & Mahindra Ltd	Holding Co	9550490	100.00	50490	99.98
Mahindra Holdings Limited		10	0.00	10	0.02
		9550500	100.00	50500	100.00

During the year 950000 shares were issued to the existing shareholders on right basis @ face value.

## c. Reconciliation of number of shares:

Particulars	Equity Shares	
	Number	Rs.
Shares outstanding at the beginning of the year	50500	505,000.00
Shares Issued during the year	9500000	95,000,000.00
Shares bought back during the year	-	-
Shares outstanding at the end of the year	9550500	95,505,000.00

## d. Terms/Rights attached to Equity Shares

- The Company has issued equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders at the Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the Shareholders.

## 2 RESERVES AND SURPLUS

## a. Other Reserves – General Reserve

Particulars	As at March 31, 2016	As at March 31, 2015
Opening Balance	15.48	15.48
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>15.48</u>	<u>15.48</u>

## b. Surplus

Opening balance	(968.19)	(629.81)
(+) Net Profit/(Net Loss) For the current year	(242.26)	(331.90)
(+) Transfer from Reserves	-	(6.48)
(-) Proposed Dividends	-	-
(-) Tax on Proposed Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	<u>(1,210.45)</u>	<u>(968.19)</u>
GRAND TOTAL .....	<u>(1,194.98)</u>	<u>(952.72)</u>

## 3 DEFERRED TAX ASSETS/LIABILITY (Net)

The major components of deferred tax liability/asset as recognised in the financial statement is as follows:

Particulars	Note Ref	(Currency: Indian Rupees ₹ in Lacs)	
		As at March 31, 2016	As at March 31, 2015
<b>Deferred Tax Liability</b>			
Excess of net block of fixed assets as per books of accounts over net block for tax purpose	3 (2) (h)	-	13.84
		<u>-</u>	<u>13.84</u>
<b>Deferred Tax Asset</b>			
Expenses disallowed under Sec 43B		-	13.84
Carry forward business loss and unabsorbed depreciation		-	-
Provision for Doubtful Debts/Advances		-	-
		<u>-</u>	<u>13.84</u>
<b>Net</b>		<u>-</u>	<u>-</u>

Note: Deferred tax asset in respect of above not recognised in absence of virtual certainty of realisation is Rs. 470 lacs.

## 4 LONG-TERM PROVISIONS:

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits:		
Gratuity (Refer Note No. 3(7))	34.44	32.44
Leave Encashment	15.10	15.02
	<u>49.54</u>	<u>47.46</u>

## 5 TRADE PAYABLES:

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Payables*		
Due to Micro and Small Enterprises	-	-
Other than Micro and Small Enterprises	1,055.50	3,880.38
	<u>1,055.50</u>	<u>3,880.38</u>

\* Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

## 6 OTHER CURRENT LIABILITIES:

Particulars	As at March 31, 2016	As at March 31, 2015
Customer Credit Balance	478.21	197.25
Statutory Dues Payable	17.89	19.80
Others – Paybles	105.54	41.90
TOTAL .....	<u>601.64</u>	<u>258.95</u>

## 7 SHORT TERM BORROWINGS:

Particulars	As at March 31, 2016	As at March 31, 2015
<b>From Banks (unsecured)</b>	512.56	-
Overdraft facility		
<b>From Others (Secured)</b>	1,000.00	-
Term Loan		
Working Capital Term Loan	500.00	-
TOTAL .....	<u>2,012.56</u>	<u>-</u>

Notes: Term loans from financial institutions are secured by charge on stock and receivables

## 8 SHORT-TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Provision for employee benefits:</b>		
Salary and Reimbursement	23.35	25.69
Gratuity (Refer note no. 3(7))	3.11	3.12
Leave encashment (Refer note no. 3(7))	4.14	3.50
<b>Others:</b>		
Interest Accrued but not Due	19.73	–
Accrued Expenses	182.19	131.42
<b>TOTAL</b> .....	<b>232.52</b>	<b>163.73</b>

## 9 FIXED ASSETS

(Currency: Indian Rupees ₹ in Lacs)										
PARTICULARS	Gross Block				Accumulated Depreciation			Net Block		
	As at April 1, 2015	Additions during the year	Disposal/ Discarded during the year	As at March 31, 2016	As at April 1, 2015	Depreciation charge for the year	Disposal/ Adjustments during the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>Tangible Assets</b>										
Leasehold Improvements	178.10	11.73		189.83	62.08	10.16		72.24	117.59	116.02
Plant & Machinery	223.57	9.32	(5.87)	227.02	84.56	20.89	(2.44)	103.01	124.01	139.01
Furniture & Fixtures	48.81	27.22	(7.34)	68.69	17.17	5.70	(5.05)	17.82	50.87	31.64
Vehicles	362.46	190.49	(105.38)	447.57	111.53	90.07	(59.78)	141.82	305.75	250.93
Office Equipment	48.25	9.07	(9.33)	47.99	27.34	11.16	(8.78)	29.72	18.27	20.91
Computers	60.28	2.12	(1.89)	60.51	49.22	6.70	(1.84)	54.08	6.43	11.06
Others - Electrical Installations	21.22	16.84	–	38.06	6.90	3.22	0.01	10.13	27.91	14.30
<b>Total</b> .....	<b>942.71</b>	<b>266.79</b>	<b>(129.81)</b>	<b>1,079.69</b>	<b>358.80</b>	<b>147.90</b>	<b>(77.88)</b>	<b>428.82</b>	<b>650.85</b>	<b>583.89</b>
Previous Year.....	924.86	122.21	(104.36)	942.71	245.69	160.41	(47.30)	358.80	583.89	697.63
<b>Intangible Assets</b>										
Intangible - Software	5.70	–	–	5.70	5.28	–	–	5.28	0.42	0.42
Others - Website	–	–	–	–	–	–	–	–	–	–
<b>Total</b> .....	<b>5.70</b>	<b>–</b>	<b>–</b>	<b>5.70</b>	<b>5.28</b>	<b>–</b>	<b>–</b>	<b>5.28</b>	<b>0.42</b>	<b>0.42</b>
Previous Year.....	5.70	–	–	5.70	4.38	0.90	–	5.28	0.42	1.32
Capital WIP	12.92	(12.45)	–	0.47	–	–	–	–	0.47	12.92

## 10 LONG-TERM LOANS AND ADVANCES

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>a. Security Deposits</b>		
Secured, considered good	–	–
Unsecured, considered good	51.33	30.19
Doubtful	–	–
Less: Provision for doubtful deposits	–	–
<b>b. Balance with Govt. Authorities:</b>		
– Income Tax (Net of provisions)	165.55	146.49
– Balance of Maharashtra Value Added Tax	244.48	170.28
<b>TOTAL</b> .....	<b>461.36</b>	<b>346.96</b>

## 11 INVENTORIES

Particulars	As at March 31, 2016	As at March 31, 2015
<b>a. Stock-in-trade (Valued at Cost or NRV whichever is lower)</b>		
– Goods-in transit (Refer Note 3(2)-C)	307.18	213.34
<b>TOTAL</b> .....	<b>1,661.54</b>	<b>1,472.47</b>

## 12 TRADE RECEIVABLES

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Trade receivables outstanding for a period less than six months</b>		
Secured, considered good	–	–
Unsecured, considered good	597.14	547.23
Doubtful	–	–
Less: Provision for doubtful debts	–	–
	<b>597.14</b>	<b>547.23</b>
<b>Trade receivables outstanding for a period exceeding six months</b>		
Secured, considered good	–	–
Unsecured, considered good	20.56	13.47
Doubtful	–	–
Less: Provision for doubtful debts	–	–
	<b>617.70</b>	<b>560.70</b>

**13 CASH AND CASH EQUIVALENT***(Currency: Indian Rupees ₹ in Lacs)*

Particulars	As at	As at
	March 31, 2016	March 31, 2015
a. Balances with banks	32.78	273.33
b. Cheques, drafts on hand	–	–
c. Cash on hand	11.89	7.97
d. Others (specify nature)	–	–
	<u>44.67</u>	<u>281.30</u>

**14 SHORT-TERM LOANS AND ADVANCES**

Particulars	As at	As at
	March 31, 2016	March 31, 2015
a. Others		
Secured, considered good	–	–
Unsecured, considered good	137.48	42.39
Doubtful	–	–
Less: Provision for Warranty	–	–
	<u>137.48</u>	<u>42.39</u>

**15 OTHER CURRENT ASSETS**

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Advance to Suppliers	14.93	–
Prepaid Expenses	23.29	25.33
Balance with Govt Authorities:		
– Balance of Service Tax	4.91	7.58
– Balance of Maharashtra Value Added Tax	94.21	68.89
	<u>137.34</u>	<u>101.80</u>

**NOTE 2: Notes to the Statement of Profit and Loss****1 REVENUE FROM OPERATIONS***(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
Sale of Products	16,649.70	16,025.66
Less: Excise Duty	–	–
	16,649.70	16,025.66
Sale of Services (Net of Service Tax & VAT)	1,803.41	1,636.69
Other Operating Revenues	–	–
	<u>18,453.11</u>	<u>17,662.35</u>

**2 OTHER OPERATING INCOME***(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
Scrap Sales	10.26	12.56
Commission Income	49.91	27.81
Infrastructure Service Income	99.69	74.83
Interest on Sales Tax refund	–	3.81
Misc Write backs	47.05	100.47
Dealer Incentives & Others	225.95	145.59
Provision for Dooubtful Debts written back	–	–
	<u>432.86</u>	<u>365.07</u>

**3 PURCHASE OF STOCK-IN-TRADE***(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
Purchases Vehicles, Spares & Accessories	17,238.23	16,058.59
	<u>17,238.23</u>	<u>16,058.59</u>

**4 CHANGES IN INVENTORY:***(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
Opening Inventory		
Traded Goods	1,457.20	1,823.54
Work-In-Progress	15.27	11.64
	<u>1,472.47</u>	<u>1,835.18</u>
Closing Inventory		
Traded Goods	1,644.85	1,457.20
Work-In-Progress	16.69	15.27
	<u>1,661.54</u>	<u>1,472.47</u>
	<u>(189.07)</u>	<u>362.71</u>

**5 EMPLOYEE BENEFIT EXPENSES***(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
Salaries	725.91	674.16
Contributions to –		
Provident fund/ESIS Fund	36.71	34.35
Gratuity fund contributions (Refer note 3(7))	3.52	18.17
Staff welfare expenses	44.55	44.59
	<u>810.69</u>	<u>771.27</u>

**6 FINANCE COST***(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
Interest others	142.46	0.09
Interest on Inter Company Deposits	–	–
Bank Charges	3.01	4.63
	<u>145.47</u>	<u>4.72</u>

## 7 OTHER EXPENSES

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Power and Fuel	68.94	66.81
Rent	253.50	226.82
Rates and Taxes	25.14	17.07
Repairs & Maintenance		
– Building	9.82	1.36
– Plant & Machinery	33.81	26.43
– Vehicle	1.55	3.39
– Others	16.57	15.49
Insurance	25.86	24.07
Advertisement	2.68	21.25
Sales Promotion	85.09	120.33
Discount	–	–
Sales Incentive	104.52	70.19
Travelling & Conveyance	21.79	25.68
Hire & Service Charges	212.54	174.94
Postage & Telephone	19.74	19.49
Printing & Stationery	13.79	15.48
Legal and Professional	35.86	47.70
Auditor Remuneration (Refer note 3(6))	7.00	6.05
Provision for Doubtful Advance	–	–
Bad Debts W/off	17.54	104.95
Net loss/gain on sale of fixed assets	2.87	9.09
Others	16.40	14.33
	<u>975.01</u>	<u>1,010.92</u>

## 8 EARNINGS PER EQUITY SHARES

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Basic &amp; Diluted Earnings per Share:</b>		
Profit/(Loss) attributable to Equity shareholders	(242.26)	(331.91)
Weighted average number of equity shares	7,312,143.84	50,500.00
<b>Basic &amp; Diluted Earnings Per Share</b>	<b>(3)</b>	<b>(657)</b>
<b>Face value per Share</b>	<b>10</b>	<b>10</b>

## NOTE 3: Significant Accounting Policies &amp; Notes to accounts:

## 1. Nature Operations

NBS International Limited, a wholly own subsidiary of Mahindra & Mahindra Limited engaged in the business of sales and servicing of motor vehicles.

## 2. Significant Accounting Policies

## a) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 ("the Act"), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The financial statement are prepared in accordance with the applicable accounting principles in India, the Accounting Standards referred to in Section 133, read with Rule 7 of the Companies (Accounts) Rules, 2014 & relevant provisions of the Companies Act, 2013.

These financial statements are presented in Indian rupees and rounded off to nearest lacs.

## b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

## c) Inventories:

Inventories are valued at lower of cost or net realizable value. Basis of determination of goods in transits are valued inclusive of duties & taxes, where applicable.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Spare parts & accessories are valued at moving average rate.

## d) Fixed Assets:

## i) Tangible Assets:

Fixed Assets are stated on cost less accumulated depreciation. The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the working condition for its intended use.

## ii) Intangible assets:

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and cost of the assets can be measured reliably.

## Depreciation:

- Leasehold Improvements are amortized over the period of lease or estimated period of useful life of such improvement, whichever is lower.
- Depreciation on other fixed assets is provided on Straight Line Method on a pro rata basis over its economic useful lives, as prescribed under Schedule II of the Companies Act, 2013.



- Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.
- Cost of intangible assets are being amortised over a period of five years on time proportion basis.

**e) Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- *Sales of goods:*  
Sale of vehicles/spares parts and accessories of vehicles (including customized) is recognised when delivery is accepted by the customer. Sales are stated net of discounts, duties and sales tax.
- *Service Income:*  
Service income is recognized as per the terms of the contract when the related services are rendered. It is stated net of service tax.
- *Interest income:*  
Interest income is recognized on time proportion basis.
- *Other Income:*  
Income from financing vehicles, Insurance Income and other service income are accounted on accrual basis.

**f) Retirement and Other Employee Benefits:**

- *Short term employee benefit*  
All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ ex-gratia are recognized in the period in which the employee renders the related service.
- *Post employment employee benefits*  
*Defined Contribution schemes*  
Company's contributions to the Provident Fund and Employee's State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.  
*Defined benefits plans*  
Company's liabilities towards gratuity is determined by independent actuary, using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognised in the Statement of Profit and Loss as income or expense in the year in which they occur. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.  
*Other long term employee benefits*  
Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Statement of Profit and Loss.

**g) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are calculated after adjusting effects of potential equity shares (PES). PES are those shares which will convert into equity shares at a later stage. Profit/loss is adjusted by the expenses incurred on such PES. Adjusted profit/loss is divided by the weighted average number of ordinary plus potential equity shares.

**h) Taxation**

Income-tax expense comprises current tax, deferred tax charge or credit, minimum alternative tax (MAT).

*Current tax*

Provision for current tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws.

*Deferred tax*

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income tax and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax asset is recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax asset is recognized only if there is a virtual certainty of realization of such asset. Deferred tax asset is reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

*Minimum alternative tax*

Minimum alternative tax (MAT) obligation in accordance with the tax laws, which give rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax during the specified period. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

**i) Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the assets and from its disposal at the end of its useful life.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

**j) Provisions and Contingencies**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of

which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3. During the current year company has incurred cash losses amounting to INR 94.36 lacs (previous year INR 180.79 lacs). Net-worth at the end of the year is also negative amounting to INR 239.93 lacs (previous year INR 947.68 lacs).

In the opinion of the management, taking into account its business and financial plans for the foreseeable future, the company is a going concern and accordingly the financial statements have been drawn up on that basis.

4. Pursuant to the Companies Act 2013 (the "Act") becoming effective from 1<sup>st</sup> April 2014, the Company has computed the depreciation based on the useful life of the assets as prescribed in Schedule II of The Act 4.

**5. Information pursuant to para 5(ii) and 5(iii) of the General Instructions to the Statement of Profit and Loss.**

(₹ in Lacs)

- (a) Particulars of traded goods purchases: (for trading companies)

Traded goods	Year Ended March 31, 2016	Year Ended March 31, 2015
Vehicles	16,073.29	15,081.34
Spares & Accessories	1,164.94	977.26
<b>TOTAL .....</b>	<b>17,238.23</b>	<b>16,058.60</b>

- (b) Particulars of sales and inventory position: (for trading companies)

Traded Goods	Year Ended March 31, 2016		
	Sales	Closing Inventory	Opening Inventory
Vehicles	16649.70 (16235.22)	1353.53 (1198.55)	1198.55 (1511.69)
Spares & Accessories (Incl. Labour Charges)	1,803.41 (1636.39)	308.01 (273.91)	273.91 (323.49)
<b>TOTAL .....</b>	<b>18,453.11 (17871.91)</b>	<b>1,661.54 (1472.47)</b>	<b>1472.46 (1835.18)</b>

\* Previous year figures are in brackets.

**6. Auditor Remuneration**

(₹ in Lacs)

Particulars	Year Ended March 31, 2016*	Year Ended March 31, 2015*
As Auditor	3.60	3.00
For Taxation matter	0.55	0.55
For other services	2.85	2.50
<b>TOTAL .....</b>	<b>7.00</b>	<b>6.05</b>

\* Exclusive of Service Tax.

**7. Disclosure pursuant to Accounting Standard – 15 'Employee Benefits'**

- a. The following tables set out disclosures prescribed by AS 15 in respect of company's unfunded gratuity plan.

(₹ in Lacs)

- (i) Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Present value of obligation as at the beginning of the year:	35.55	19.15
Interest cost	3.48	2.28
Current service cost	10.13	6.26
Benefits paid	2.16	–
Actuarial (gain)/loss on obligation	(9.46)	10.30
Closing Present value of obligation	37.54	35.56

- (ii) The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	10.13	6.26
Past service cost	–	–
Interest cost	3.48	2.28
Expected return on plan assets	–	–
Net actuarial (gain)/loss recognized in the year	(9.46)	10.30
Expenses recognised in the statement of profit and loss*	4.15	18.84

\* Included in Note 2 (5) "Employee Benefit Expenses".

- (iii) Actuarial assumption:

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Salary Growth*	11% for first Three years & 7% thereafter	11% for first Four years & 7% thereafter
Discount Rate	7.85%	7.90%
Withdrawal Rate	–	–

\* The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## 8. Related Party disclosures

## i. List of related parties

<b>(A) Holding Company</b>	: Mahindra & Mahindra Limited
<b>(B) Fellow Subsidiary companies</b>	: 1. Mahindra & Mahindra Financial Services Limited. 2. Mahindra Automobile Dist Pvt. Ltd. 3. Mahindra First Choice Services Ltd. 4. Mahindra First Choice Wheels Ltd. 5. Mahindra Truck & Buses Ltd. 6. Mahindra Reva Electric Vehicles Ltd. 7. Mahindra Intra trade Ltd. 8. Mahindra Life Space Developer Ltd. 9. Mahindra Integrated Business Services Ltd. 10. Mahindra Rural Housing Finance Ltd. 11. Mahindra Two Wheelers Ltd. 12. Mahindra Sona Ltd. 13. Mahindra EPC Services Pvt. Ltd.
<b>(C) Key Management Personnel</b>	: 1. Mr. Sudhir Shah 2. Mr. Vijay Nakra

## ii. Related party transactions are as under:

(Rs. Lacs)

Nature of Transactions	Holding company	Fellow Subsidiary companies	Key Management Personnel
<b>1) Purchases:</b>			
Goods	16746.09 (17217.26)	148.85 (143.76)	- -
Fixed Assets	- (-)	- (-)	- -
<b>2) Sales:</b>			
Vehicles	- (8.09)	24.32 (63.19)	- -
Spares/Services	82.81 (122.62)	16.12 (16.19)	- -
<b>3) Deputation of Personnel:</b>			
From Parties	65.75 (81.46)	1.72 (1.98)	- -
<b>4) Managerial Remuneration</b>	- (-)	- (-)	55.47 (9.50)
<b>5) Other Transactions:</b>			
<b>Other Income</b>			
Manpower Income	4.55 (5.43)	- -	- -

Nature of Transactions	Holding company	Fellow Subsidiary companies	Key Management Personnel
Rent Income	- (13.20)	- -	- -
Incentive Income	214.27 (228.78)	5.81 (6.03)	- -
Warranty Income	319.68 (401.22)	2.44 (1.94)	- -
FSC/PDI Income	25.68 (22.47)	0.07 (0.09)	- -
<b>Other Expenses</b>			
Rent Paid	120.53 (185.23)	- -	- -
Franchise/Variable fees	- (7.01)	- -	- -
DMS Maintenance Charges	2.30 (2.59)	- (-)	- -
Shared IT Expenses	26.23 (18.76)	- (-)	- -
Secretarial Charges	4.42 (3.37)	- (-)	- -
CMS Audit Charges	5.00 (3.37)	- (-)	- -
Security Claim	- (2.89)	- (-)	- -
Fire Man Charges	- (-)	- (-)	- -
Dealers Security Deposit	- (-)	1.00 (1.50)	- -
Sales and Promotion Expenses	- (-)	- -	- -
<b>6) Outstanding:</b>			
Amount Receivable	30.09 (0.73)	18.37 (21.35)	- -
Amount Payable	931.58 (3785.10)	167.43 (13.71)	- -

(Figures in bracket are for previous year ended 31 March 2015)

## 9. Contingent Liabilities not provided for:

- a) **Taxation Matters:** Demands against the company not acknowledged as debts and not provided for, relating to issues of taxability and deductibility, in respect of which the company is in appeal.
- Income – tax – **Rs.179.47 Lacs (2014-15: Rs.179.47 Lacs)**

## 10. Previous Year Comparatives

Previous year figures are regrouped, recast & reclassified wherever necessary to make them comparable with those of the current year.

In terms of our report of even date

For **B K Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**H. P. Mahajani**  
Partner  
Membership No. 30168

Place: Mumbai  
Date: 26<sup>th</sup> April 2016

For and on behalf of the Board of Directors  
NBS International Ltd.

**P. N. Shah** Chairman  
**Ramesh Iyer** Director  
**Rajeshwar Tripathi** Director  
**Vijay Nakra** Director  
**Nozar Bharucha** Director  
**S.C. Bhargava** Director  
**Rahul Asthana** Director

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Second Report together with the Audited Financial Statements of your Company for Financial Year ended 31<sup>st</sup> March, 2016.

### Financial Highlights and State of Company's Affairs

Particulars	(Rs. in Lakhs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income	10,289.19	8,786.97
Profit before Interest, Depreciation and Taxation	1,396.04	359.40
Less: Interest	8.87	13.44
Depreciation	5.49	4.37
Profit before Tax	1,381.68	341.59
Less: Income Tax thereon:		
Current Tax	332.59	257.67
Deferred Tax	117.49	(143.91)
Net Profit	931.60	227.83
Balance of Profit brought forward from last year	350.14	261.31
Less: Transitional depreciation adjustment to reserves	-	0.84
Proposed Dividend	573.96	114.79
Tax on Proposed Dividend	116.85	23.37
Balance of Profit carried forward	590.93	350.14
Net Worth	2886.78	2,645.99

No material changes and commitments have occurred after the closure of the Financial Year 2015-2016 till the date of this Report, which would affect the financial position of your Company.

### Operations

During the financial year ended 31<sup>st</sup> March, 2016, total spare parts income increased to Rs. 10,289.19 lakhs from Rs. 8,786.97 lakhs, in financial year ended 31<sup>st</sup> March, 2015, reflecting an increase of 17.10%.

Your company has achieved first fill rates (FFR) of 89% for commercial order and 84% for vehicle off road (VOR) orders by executing delivery orders timely, leading to reduction in retention of vehicles at authorized dealer workshops. The results for the year are after making necessary provision for loss on sales returns.

### Share Capital

During the year, the authorized share capital of your Company stood at Rs. 1500,00,00,000. The issued and paid up share capital of the Company is Rs. 22,95,85,120 comprising of 1,14,79,25,600 Equity Shares of the face value of Re. 0.20 each.

### Dividend

Your Directors recommend a dividend @ 25% on the paid up value of share capital which is Re. 0.05 (Paise five) per share of face value of Re. 0.20 each, payable to those shareholders whose names appear in the Register of Members as on the Book Closure Date. The equity Dividend outgo would be Rs. 573.96 Lakhs and Dividend Distribution Tax would be Rs. 116.85 Lakhs aggregating a total outflow of Rs. 690.81 Lakhs for the Financial Year 2015-2016.

### Board of Directors

Mr. Bharat Moossaddee (DIN: 02166403) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The Company has received declarations from Mr. Shrikant Marathe (DIN: 05243645) and Mr. S. C. Bhargava (DIN: 00020021), Independent Directors, to the effect that they meet the criteria of independence as provided in Sub-section 6 of Section 149 of Companies Act, 2013.

### Evaluation of performance

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors.

The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

### Board Meetings and Annual General Meeting

Your Board of Directors met four times during the year under review on 24<sup>th</sup> April, 2015, 24<sup>th</sup> July, 2015, 21<sup>st</sup> October, 2015 and 22<sup>nd</sup> January, 2016. The 21<sup>st</sup> Annual General Meeting (AGM) of the Company was held on 10<sup>th</sup> August, 2015.

The attendance at the meetings of the Board was as under:-

Name of Directors	Directors' Identification Number	Category	No. of meetings attended out of 4 meetings
Mr. Rajan Wadhwa (Chairman)	00416429	Non – Executive Non- Independent	4
Mr. S. Durgashankar	00044713	Non – Executive Non- Independent	3
Mr. Bharat Moossaddee	02166403	Non – Executive Non- Independent	3
Mr. Nalin Mehta (Managing Director)	02272736	Executive	4
Mr. Hemant Sikka	00922281	Non – Executive Non- Independent	3
Mr. Anish Dilip Shah ^	02719429	Non – Executive Non- Independent	2
Mr. S. C. Bhargava	00020021	Independent	4
Mr. Shrikant Marathe	05243645	Independent	4

^ appointed as an additional Director with effect from 28<sup>th</sup> May, 2015. Three meetings were held during his tenure.

### Meeting of Independent Directors

The Independent Directors of the Company met on 21<sup>st</sup> October, 2015 before the Board Meeting without the presence of the Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the directors had selected such accounting policies and applied 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<sup>st</sup> March, 2016 and of the Profit of the Company for the year ended on that date;

- proper and sufficient care has been 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;
- the annual accounts have been prepared on a going concern basis;
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members affirming compliance with Code of Conduct for Directors and Senior Management Employees.

### Key Managerial Personnel

The following have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Mr. Nalin Mehta – Managing Director
- Mr. Arun Mishra – Chief Financial Officer
- Mr. Suryakant L. Khare – Company Secretary

None of the KMP has resigned during the year under review.

The Board on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members at the forthcoming Annual General Meeting had approved the re – appointment and terms of remuneration of Mr. Nalin Mehta as Managing Director of the Company for a period of two years with effect from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2019.

### Committees of the Board

#### Audit Committee

The Audit Committee comprises of the following Directors:

- Mr. S. Durgashankar (Chairman of the Committee)
- Mr. Shrikant Marathe
- Mr. S. C. Bhargava

Except for Mr. S. Durgashankar, all the Members are Independent Directors. All the Members of the Committee possess strong accounting and financial management knowledge. The Company Secretary of the Company is the Secretary of the Committee. All the recommendations of the Audit Committee were accepted by the Board.

The Committee met three times during the year on 24<sup>th</sup> April, 2015, 21<sup>st</sup> October, 2015 and 22<sup>nd</sup> January, 2016.

The attendance at the meetings of the Audit Committee was as under:

Name of Directors	Category	No. of meetings attended out of 3 meetings
Mr. S. Durgashankar (Chairman)	Non – Executive Non- Independent	2
Mr. Shrikant Marathe	Independent	3
Mr. S. C. Bhargava	Independent	3

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Directors:

- Mr. S. Durgashankar (Chairman of the Committee)
- Mr. Rajan Wadhera
- Mr. Shrikant Marathe
- Mr. S. C. Bhargava

Except for Mr. S. Durgashankar and Mr. Rajan Wadhera, all the Members are Independent Directors. All the Members of the Committee are Non- Executive Directors. The Company Secretary of the Company is the Secretary of the Committee.

The Committee met twice during the year under review on 24<sup>th</sup> April, 2015 and 21<sup>st</sup> October, 2015.

The attendance at the meetings of the Nomination and Remuneration Committee was as under:

Name of Directors	Category	No. of meetings attended out of 2 meetings
Mr. S. Durgashankar (Chairman)	Non – Executive Non- Independent	1
Mr. Rajan Wadhera	Non – Executive Non- Independent	2
Mr. Shrikant Marathe	Independent	2
Mr. S. C. Bhargava	Independent	2

#### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of the following Directors –

- Mr. Rajan Wadhera (Chairman of the Committee)
- Mr. Nalin Mehta
- Mr. Bharat Moossaddee
- Mr. S. C. Bhargava.

The Committee met once on 28<sup>th</sup> April, 2016. All the Members of the said Committee were present at the said meeting.

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company is not required to spend any amount, in pursuance of Corporate Social Responsibility Policy.

Report on Corporate Social Responsibility containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure I** and forms part of this report.

#### Statutory Auditors and Auditors' Report

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) were re-appointed as the statutory auditors of the Company to hold office from the conclusion of the twenty second Annual General Meeting until the conclusion of twenty third Annual General Meeting, subject to the approval of shareholders at the forthcoming Annual General Meeting.

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs. Deloitte Haskins & Sells, Chartered Accountants, to their appointment and a certificate to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The members are requested to re-appoint statutory auditors of the Company as aforesaid and fix their remuneration. The Auditors' Report does not contain any qualification, reservation or adverse remark.

#### Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under Section 143 (12) of the Companies Act 2013.

#### Policy for Remuneration of Directors, Key Managerial Personnel and other Employees and Criteria for appointment/removal of Directors and Senior Management Personnel

In line with the principles of transparency and consistency, your Company has adopted the following Policies which, inter alia, include criteria for determining qualifications, positive attributes and independence of a Director.

- Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management.
- Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

The Policies mentioned at 'a' and 'b' above are attached as **Annexure II-A and II-B** respectively and form part of this Report.

#### Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013

read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as **Annexure III** to this Report.

**Disclosure of Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

**Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 and Deposit under Chapter V of the Companies Act, 2013**

Particulars of investments made during the year under review are given in note no. 12 under the notes to the financial statements. Your Company has neither given any loan, guarantee nor provided any security in connection with a loan pursuant to section 186 of the Companies Act, 2013 during the year under review.

Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent Company, Mahindra and Mahindra Limited.

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of chapter V of the Companies Act, 2013.

**Internal Financial Controls**

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

**Contracts or Arrangements with Related Parties**

All Related Party Transactions entered during the year were in the ordinary course of business and on Arm's Length basis. The particulars of the Material Related Party Transactions referred to under Section 188(1) of the Companies Act, 2013 are given in the prescribed form AOC – 2 as **Annexure IV** and the same forms part of this Report.

**Extract of Annual Return**

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31<sup>st</sup> March, 2016 in Form No. MGT 9 is attached herewith as **Annexure V** and forms part of this report.

**The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**General**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3) (c) of the Companies Act, 2013).

**Acknowledgements**

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Employees, Vendors, Suppliers and Members during the year under review.

For and on behalf of the Board

**Rajan Wadhera**  
Chairman  
(DIN: 00416429)

Place: Mumbai  
Date: April 28, 2016

## ANNEXURE I TO THE DIRECTORS' REPORT

### CORPORATE SOCIAL RESPONSIBILITY

#### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

**1. Brief outline of Company's CSR Policy, including overview of projects or programs proposed to be undertaken.**

The CSR vision of Mahindra Trucks & Buses Limited (MTBL) is to serve and give back to the communities within which we work.

The objective of this policy is to –

- Promote a unified and strategic approach to CSR across the company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and cause to work with, thereby ensuring high social impact.
- Encourage employees to participate actively in the company's CSR and give back to the society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options). Every MTBL employee will contribute time and effort towards community building.

The MTBL CSR Committee will contribute 2% of the average net profits made during the three immediately preceding financial years to undertake CSR initiatives which meet the needs of the local communities where we operate.

Our commitment to CSR will be manifested by investing resources in the following areas:

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation & making available Safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly & the differently abled and the livelihood enhancements projects;
3. Welfare of Transportation related community;
4. Welfare of the Neighboring Community around MTBL offices, plant, facilities;
5. Contribution to Holding Company for welfare activities conducted by it;

6. Promoting gender equality, empowering women, setting up homes and hostels for woman & orphans; setting up old age homes, daycare centers, and such other facilities for senior citizens & measures for reducing inequalities faced by social & economically backward groups;
7. Ensuring environmental sustainability, ecological balance, Protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
8. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up of public libraries, promotion & development of traditional arts & handicrafts.

The Board level CSR Committee of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programs to be undertaken, the modalities of execution, and implementation schedule thereof.

**2. The composition of the CSR Committee**

The Committee was comprises of the following Directors –

1. Mr. Rajan Wadhwa
2. Mr. Nalin Mehta
3. Mr. Bharat Moossadde
4. Mr. S. C. Bhargava

**3. Average Net Profit of the company for last three financial years**

The average Net Loss of the company for last three financial years i.e. 2012-13, 2013-14 and 2014-15 is Rs. 11,963.41 Lacs.

**4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)**

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company is not required to spend any amount, in pursuance of Corporate Social Responsibility Policy, as there was no average net profits of the Company made during the three immediately preceding financial year.



**5. Details of CSR spent during the financial year:**

- a. Total amount to be spent for the financial year: NIL
- b. Amount unspent: NIL
- c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/Programmes 1. Local area/others- 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project/ programs wise	Amount spent on the project/ programs: 1. Direct expenditure on project/ programs, 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct/through implementing agency	
			NOT APPLICABLE					

**6. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years or any part thereof, the reasons for not spending the amount shall be stated in the Board report.**

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company is not required to spend any amount, in pursuance of Corporate Social Responsibility Policy, as there was no average net profits of the Company made during the three immediately preceding financial year.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

**Nalin Mehta**  
Managing Director  
(DIN : 02272736)

**Rajan Wadhera**  
Chairman of CSR Committee  
(DIN : 00416429)

Place: Mumbai  
Date: April 28, 2016

## ANNEXURE II – A TO THE DIRECTORS’ REPORT

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Trucks & Buses Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.

3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

#### Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### Senior Management Personnel

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

#### II. SUCCESSION PLANNING:

##### Purpose:

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

##### Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

**Senior Management Personnel:**

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

**Policy Statement**

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

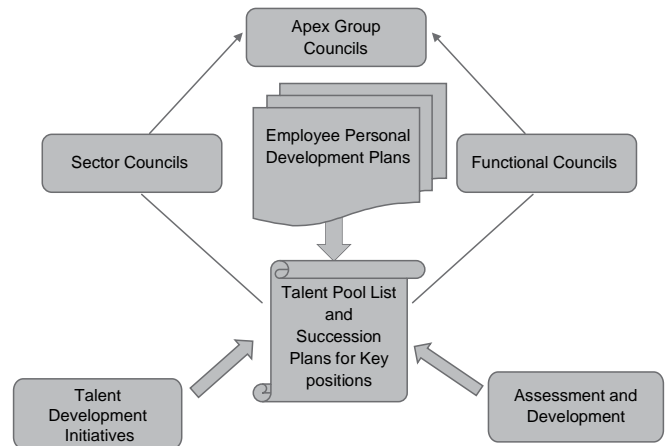
- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

**Rajan Wadhera**  
Chairman  
(DIN : 00416429)

Place: Mumbai  
Date: April 28, 2016

## ANNEXURE II – B TO THE DIRECTORS’ REPORT

### **POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

#### **Purpose**

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Trucks & Buses Limited.

#### **Policy Statement**

We have a well-defined Compensation policy which is in line with our parent company, Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### **NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director’s participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### **Executive Directors:**

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

#### **Key Managerial Personnel (KMPs)**

The terms of remuneration of Chief Financial Officer (CFO) and Company Secretary (CS) & other Key Managerial personnel, if any, shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### **Employees**

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

**ANNEXURE III TO THE DIRECTORS' REPORT****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2016

**A. CONSERVATION OF ENERGY**

(a) The steps taken or impact on conservation of energy:

The operations of the Company are not energy intensive as it does not have its own manufacturing facility. However, the Company constantly reviews the consumption of electricity and its rationalization.

(b) The steps taken by the company for utilizing alternate sources of energy: Not Applicable.

(c) The capital investment on energy conservation equipments: Nil

**B. TECHNOLOGY ABSORPTION**

i) The efforts made towards technology absorption - None

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not applicable

(a) The details of technology imported: None

(b) The year of import: Not Applicable

(c) Whether the technology been fully absorbed: Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)**

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For Financial Year ended 31 <sup>st</sup> March, 2016	For Financial Year ended 31 <sup>st</sup> March, 2015
Total Foreign Exchange earned	33.00	11.38
Total Foreign Exchange used	51.00	19.62

For and on behalf of the Board

**Rajan Wadhera**  
Chairman  
(DIN 00416429)

Place: Mumbai

Date: April 28, 2016

**ANNEXURE IV TO THE DIRECTORS' REPORT  
FORM NO. AOC-2**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at Arm's length basis - **NIL**
2. Details of material contracts or arrangements or transactions at Arm's length basis: #

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Heavy Engines Limited - Fellow Subsidiary
b)	Nature of contracts/arrangements/transactions	Sale, purchase or supply of goods and materials.
c)	Duration of the contracts/arrangements/transactions	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Purchase of parts and components – Rs. 1306.94 lakhs
e)	Date of approval by the Board; if any	Not Applicable
f)	Amount paid as advances, if any	Nil

# Pursuant to Notification dated 14<sup>th</sup> August, 2014 issued by the Ministry of Corporate Affairs New Delhi (G.S.R. 590(E)).

For and on behalf of the Board

**Rajan Wadhera**  
Chairman  
(DIN : 00416429)

Place: Mumbai  
Date: April 28, 2016

**ANNEXURE V TO THE DIRECTORS' REPORT**

Form No. MGT - 9

Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1.	<b>CIN</b>	U63040MH1994PLC079098
2.	<b>Registration Date</b>	20 <sup>th</sup> June, 1994
3.	<b>Name of the Company</b>	Mahindra Trucks and Buses Limited
4.	<b>Category/Sub-Category of the Company</b>	Public Limited Company
5.	<b>Address of Registered office and contact details</b>	Gateway Building, Apollo Bunder, Mumbai – 400 001. Tel: 022-24905828
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	None

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Motor Vehicle parts and Accessories	503	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	MAHINDRA & MAHINDRA LIMITED Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	100%	2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i. Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corporate	–	1,14,79,25,600	1,14,79,25,600	100%	–	1,14,79,25,600	1,14,79,25,600	100%	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A(1)	–	1,14,79,25,600	1,14,79,25,600	100%	–	1,14,79,25,600	1,14,79,25,600	100%	–
<b>2. Foreign</b>									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub-Total- A(2)	-	-	-	-	-	-	-	-	-
<b>Total Share Holding of Promoters (A)=(A)(1)+(A)(2)</b>	-	<b>1,14,79,25,600</b>	<b>1,14,79,25,600</b>	<b>100%</b>	-	<b>1,14,79,25,600</b>	<b>1,14,79,25,600</b>	<b>100%</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institution</b>									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i. Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total- B(1)	-	-	-	-	-	-	-	-	-
<b>2. Non-Institution</b>									
a. Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 Lac	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	-	-	-	-	-	-	-	-	-
c. Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total- B(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	-	<b>1,14,79,25,600</b>	<b>1,14,79,25,600</b>	<b>100%</b>	-	<b>1,14,79,25,600</b>	<b>1,14,79,25,600</b>	<b>100%</b>	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	1,14,79,25,593	100%	-	1,14,79,25,593	100%	-	-
2	Mahindra & Mahindra Limited Jointly with Mr. A. M. Choksey*	1	-	-	1	-	-	-
3	Mahindra & Mahindra Limited Jointly with Mr. P. N. Shah*	1	-	-	1	-	-	-
4	Mahindra & Mahindra Limited Jointly with Mr. Narayan Shankar*	1	-	-	1	-	-	-



Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
5	Mahindra & Mahindra Limited Jointly with Mr. A. K. Nanda*	1	–	–	1	–	–	–
6	Mahindra & Mahindra Limited Jointly with Mr. M. A. Nazareth*	1	–	–	1	–	–	–
7	Mahindra & Mahindra Limited Jointly with Mrs. Angarika Baviskar*	1	–	–	1	–	–	–
8	Mahindra & Mahindra Limited Jointly with Mr. Vinay Mohan*	1	–	–	1	–	–	–
	<b>Total</b>	1,14,79,25,600	100%	–	1,14,79,25,600	100%	–	–

\* Jointly held with Mahindra & Mahindra Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	For Each of the Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mahindra & Mahindra Limited alongwith Joint holders				
	At the beginning of the year	1,14,79,25,600	100%	1,14,79,25,600	100%
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	At the End of the year	–	–	1,14,79,25,600	100%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1					
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–			
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1					
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–			
	At the end of the year	–	–	–	–

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crores)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2015</b>				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total of (i+ii+iii)</b>	–	–	–	–
<b>Change in Indebtedness during the financial year</b>				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net Change	–	–	–	–
<b>Indebtedness at the end of the financial year 31.03.2016</b>				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total of (i+ii+iii)</b>	–	–	–	–

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Nalin Mehta – M. D.	
1.	Gross Salary	9.63	9.63
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
	Commission – As % of Profit – Others, specify	–	–
4.	Others, please specify	–	–
	<b>Total (A)</b>	<b>9.63*</b>	<b>9.63*</b>
	Ceiling as per the Act	As per schedule v of the companies Act, 2013	

\* Reimbursement of Managerial remuneration charge from Holding company.

B. Remuneration of other directors:

I. Independent Directors:-

(₹ In Lacs)

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. Shrikant Marathe	Mr. S.C. Bhargava	
Fee for attending board/committee meetings	1.30	1.30	2.60
Commission**	3.00	3.00	6.00
Others	–	–	–
<b>Total (I)</b>	<b>4.30</b>	<b>4.30</b>	<b>8.60</b>

\*\*Commission will be paid subject to approval of the Shareholders at the forthcoming Annual General Meeting.

II. Other Non-Executive Directors:-

(₹ In Lacs)

Other Non-Executive Directors							Total Amount
Fee for attending board/committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total (II)</b>	-	-	-	-	-	-	-
<b>Total B = (I+II)</b>	-	-	-	-	-	-	-
Total Managerial Remuneration (A+B)	18.23						
Overall Ceiling as per the Act	(Being 1% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount
		Mr. Arun Kumar Mishra (CFO)	Mr. Suryakant Khare (CS)	
1.	Gross Salary	13.37	1.90	15.27
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	13.05	-	13.05
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.32	-	0.32
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (C)</b>	<b>13.37</b>	<b>1.90</b>	<b>15.27</b>

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

**Rajan Wadhera**  
Chairman  
(DIN : 00416429)

Place: Mumbai  
Date: April 28, 2016

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF MAHINDRA TRUCKS AND BUSES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA TRUCKS AND BUSES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the

auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
Firm's Registration No. 117365W

**Nilesh Shah**  
Partner

Mumbai, 28<sup>th</sup> April, 2016

Membership No. 49660

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **MAHINDRA TRUCKS AND BUSES LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm’s Registration No. 117365W

**Nilesh Shah**  
Partner

Mumbai, 28<sup>th</sup> April, 2016

Membership No. 49660

**ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**

**(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

- (i)
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2016 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration to the managing director which is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. As regards provision for commission payable to independent directors, though amounts provided are within the limits prescribed by the provisions of Section 197 read with Schedule V to the Companies Act, 2013, same is subject to members’ approval at the general meeting.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm’s Registration No. 117365W

**Nilesh Shah**  
Partner

Mumbai, 28<sup>th</sup> April, 2016

Membership No. 49660

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	(Rupees Lakhs)	
		As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	2,295.85	2,295.85
(b) Reserves and surplus	4	590.93	350.14
		<b>2,886.78</b>	<b>2,645.99</b>
<b>(2) Non-current liabilities</b>			
Long-term provisions	5	4.07	3.95
		<b>4.07</b>	<b>3.95</b>
<b>(3) Current liabilities</b>			
(a) Trade payables	6		
(i) Total outstanding dues of micro enterprises and small enterprises; and		57.78	63.27
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,327.67	2,499.31
(b) Other current liabilities	7	345.47	231.67
(c) Short-term provisions	8	767.34	598.33
		<b>3,498.26</b>	<b>3,392.58</b>
<b>TOTAL</b> .....		<b>6,389.11</b>	<b>6,042.52</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
Tangible assets	9	46.33	11.54
(b) Deferred tax assets (net)	10	38.18	155.66
(c) Long-term loans and advances	11	363.58	110.93
		<b>448.09</b>	<b>278.13</b>
<b>(2) Current assets</b>			
(a) Current investments	12	550.00	800.00
(b) Inventories	13	2,303.23	1,831.24
(c) Trade receivables	14	2,195.46	2,481.32
(d) Cash and bank balances	15	829.14	464.73
(e) Short-term loans and advances	16	59.67	181.47
(f) Other current assets	17	3.52	5.63
		<b>5,941.02</b>	<b>5,764.39</b>
<b>TOTAL</b> .....		<b>6,389.11</b>	<b>6,042.52</b>
<i>See accompanying notes forming part of the financial statements</i>	<b>1-39</b>		

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Nilesh Shah**  
Partner

Place: Mumbai  
Date: 28<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Nalin Mehta**  
Managing Director

**Arun Mishra**  
Chief Financial Officer

Place: Mumbai  
Date: 28<sup>th</sup> April, 2016

**Bharat Moossaddee**  
Directors

**Suryakant Laxman Khare**  
Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	(Rupees Lakhs)	
		For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
I. Revenue from operations (Gross)	18	11,462.86	10,105.90
Less: Excise duty		(1,498.34)	(1,334.68)
Revenue from operations (Net)		9,964.52	8,771.22
II. Other income	19	324.67	15.75
<b>III. Total Revenue (I + II)</b>		<b>10,289.19</b>	<b>8,786.97</b>
<b>IV. Expenses:</b>			
Purchases of stock-in-trade (traded goods)	20	7,116.28	5,994.62
Changes in inventories of stock-in-trade	21	(471.99)	16.62
Employee benefits expense	22	184.46	265.02
Finance costs	23	8.87	13.44
Depreciation expense (Note 9)		5.49	4.37
Other expenses	24	2,064.40	2,151.31
<b>Total expenses</b>		<b>8,907.51</b>	<b>8,445.38</b>
<b>V. Profit before tax (III - IV)</b>		<b>1,381.68</b>	<b>341.59</b>
<b>VI. Tax expense:</b>			
(1) Current tax expense		332.59	257.67
(2) Deferred tax Charge/(Credit)		117.49	(143.91)
Net tax expense		<b>450.08</b>	<b>113.76</b>
<b>VII. Profit after tax for the year from continuing operations (V - VI)</b>		<b>931.60</b>	<b>227.83</b>
<b>VIII. Earnings per equity share (Nominal value per share Rs. 0.20)</b>			
Basic & Diluted (Note 29)		0.08	0.02
<i>See accompanying notes forming part of the financial statements</i>	1-39		

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Nilesh Shah**  
Partner

Place: Mumbai  
Date: 28<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Nalin Mehta**  
Managing Director

**Arun Mishra**  
Chief Financial Officer

Place: Mumbai  
Date: 28<sup>th</sup> April, 2016

**Bharat Moossadde**  
Directors

**Suryakant Laxman Khare**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before tax		1,381.68		341.59
Adjustments for:-				
Depreciation	5.49		4.37	
Finance Costs	2.78		5.34	
Provision for doubtful trade receivables	19.71		72.84	
Provision for doubtful trade receivables written back	(42.40)		-	
Provision for loss on sales return	(151.17)		328.68	
Provision for warranty	38.99		28.87	
Bad trade receivables written off	0.31		-	
Net gain on sale of current investments	(39.99)		(6.92)	
Dividend income from current investments (others)	(29.48)		-	
Loss on Fixed Assets scrapped	0.08		-	
Interest on Fixed Deposits	(47.86)		(6.25)	
		(243.54)		426.93
Operating Profit before Working capital changes		1,138.14		768.52
<u>Changes in Working Capital:</u>				
Decrease/(Increase) in Trade and other receivables	194.12		(632.36)	
(Increase)/Decrease in Inventories	(471.99)		16.62	
(Decrease)/Increase in Trade payables and provisions	(297.72)		753.50	
		(575.59)		137.76
Cash generated from operations		562.55		906.28
Net income tax (paid)		(395.91)		(208.78)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>166.64</b>		<b>697.50</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Capital expenditure on fixed assets		(33.51)		-
Current investments not considered as Cash and Cash equivalents:				
- Purchased		(2,120.91)		(1,300.00)
- Proceeds from sale		2,410.90		506.92
Dividend received		29.48		-
Bank balances not considered as Cash and Cash equivalents:				
- Placed		(2,892.32)		(450.00)
- Matured		2,590.32		-
Interest received		49.97		-
<b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES (B)</b>		<b>33.93</b>		<b>(1,243.08)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016 (Contd.)**

	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Dividend paid (including Dividend Distribution Tax)		(138.16)		(134.30)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES (C)</b>		<b>(138.16)</b>		<b>(134.30)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>		<b>62.41</b>		<b>(679.88)</b>
Cash and Cash equivalents at the beginning of the year		14.73		694.61
Cash and Cash equivalents at the end of the year (Refer Note 2 below)		<b>77.14</b>		14.73

**Notes:**

- The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'
- Cash and bank balances:
  - Cash and Cash Equivalents as per above 77.14 14.73
  - Other bank balances 752.00 450.00

Total Cash and bank balances (Note 15) **829.14** **464.73**
- Previous year's figures have been regrouped/restated wherever necessary.

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Nilesh Shah**  
Partner

Place: Mumbai  
Date: 28<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Nalin Mehta**  
Managing Director

**Arun Mishra**  
Chief Financial Officer

Place: Mumbai  
Date: 28<sup>th</sup> April, 2016

**Bharat Moossadde**  
Directors

**Suryakant Laxman Khare**  
Company Secretary

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### NOTE 1 - CORPORATE INFORMATION

Mahindra Trucks and Buses Limited is in the business of trading in Spare Parts and accessories. It deals in parts required for the range of commercial vehicles manufactured and sold by its Holding Company Mahindra & Mahindra Limited. The Company undertakes procurement, warehousing management, logistics and sale of spare parts and accessories. It has a network of dealers spread across India to ensure timely availability of spare parts to commercial vehicle customers.

### NOTE 2 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (A) Basis of Accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### (B) Use of Estimates:

The preparation of the financial statements requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known/materialise.

#### (C) Tangible Assets:

- (a) Fixed Assets are carried at cost less depreciation.
- (b) Depreciable amount for assets is the cost of an asset less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc.:

- Vehicles – 5 years.

#### (D) Impairment of Assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

#### (E) Current Investments:

Current investments are valued at the lower of cost and fair value, determined by category of investment. Cost of investments include acquisition charges such as brokerage, fees and duties.

#### (F) Inventories:

Inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Stock-in-trade are valued at lower of cost or net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on the basis of weighted average method.

Excise duty is included in the value of inventory.

#### (G) Foreign Exchange Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

#### (H) Revenue Recognition:

Sales are recognised, net of returns, trade discounts, VAT/Sales tax on transfer of risk and rewards of ownership of the products to the customers, which is generally on despatch of goods.

#### (I) Other Income:

Interest income is accounted on accrual basis. Dividend from investments is recognised in the Statement of Profit and Loss when the right to receive payment is established.

#### (J) Employee Benefits:

##### (i) Defined Contribution Plan

The Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognised in the Statement of Profit and Loss as an expense based on amount of contribution required to be made and when services are rendered by the employees.

##### (ii) Defined Benefit Plan/Compensated absences:

The Company's liability towards gratuity and compensated absences is determined using the Projected Unit Credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

#### (K) Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims. The estimates for accounting of warranties are reviewed and revisions are made as required.

#### (L) Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Deferred tax assets are recognised for timing differences only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

#### (M) Segment Reporting:

The Company has single reportable business segment namely Automotive vehicles-related spare parts. The Company has only one reportable geographical segment.

**(N) Leases:**

The Company's significant leasing arrangements are in respect of operating lease for godowns. These leasing arrangements, which are non-cancellable, range between 2-3 years, and are usually renewable by mutual consent on agreed terms. The lease rentals payable are charged on a straight line basis over the lease term.

**(O) Cash and cash equivalents (for purposes of Cash Flow Statement):**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**NOTE 3 - SHARE CAPITAL**

Share Capital:	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No. of Shares	Rupees Lakhs	No. of Shares	Rupees Lakhs
<b>(A) Authorised:</b>				
Equity Shares of Rs. 0.20 each	75,000,000,000	150,000.00	75,000,000,000	150,000.00
<b>Total</b>	<b>75,000,000,000</b>	<b>150,000.00</b>	<b>75,000,000,000</b>	<b>150,000.00</b>
<b>(B) Issued, Subscribed and Fully paid up:</b>				
Equity Shares of Rs. 0.20 each	1,147,925,600	2,295.85	1,147,925,600	2,295.85
<b>Total</b>	<b>1,147,925,600</b>	<b>2,295.85</b>	<b>1,147,925,600</b>	<b>2,295.85</b>

**Notes:**

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No. of Shares	Rupees Lakhs	No. of Shares	Rupees Lakhs
<b>Equity Shares</b>				
At the beginning of the period	1,147,925,600	2,295.85	1,147,925,600	2,295.85
<b>Outstanding at the end of the period</b>	<b>1,147,925,600</b>	<b>2,295.85</b>	<b>1,147,925,600</b>	<b>2,295.85</b>

(b) Terms/rights attached to equity shares:

The Company has one class of equity shares having a par value of Rs. 0.20 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting (AGM), except in the case of interim dividend which is ratified by the shareholders at the AGM.

The Ordinary (Equity) shares of the Company rank pari passu in all respects including voting rights and entitlement to dividend.

(c) Details of shares held by the holding company:

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No. of Shares	Rupees in Lakhs	No. of Shares	Rupees in Lakhs
Equity Shares are held by Mahindra & Mahindra Ltd., Holding Company and its nominees	1,147,925,600	2,295.85	1,147,925,600	2,295.85

(d) Details of shares held by each shareholder holding more than 5% shares:

Equity Shares:	As at 31 <sup>st</sup> March, 2016			As at 31 <sup>st</sup> March, 2015		
	No. of Shares	% of Holding	Rupees in Lakhs	No. of Shares	% of Holding	Rupees in Lakhs
Mahindra & Mahindra Ltd. (Holding Company) and its nominees	1,147,925,600	100	2,295.85	1,147,925,600	100	2,295.85

**NOTE 4 - RESERVES AND SURPLUS**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
<b>Surplus in Statement of Profit and Loss</b>				
Opening balance	350.14		261.31	
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer foot note 1 to Note 9)	-		(0.84)	
Add: Profit for the year	931.60		227.83	
	1,281.74		488.30	
Less: Appropriations				
Proposed Dividend Rs. 0.05 per share (2015: Rs. 0.01 per share)	573.96		114.79	
Tax on Proposed Dividend	116.85		23.37	
Closing Balance	690.81		138.16	
<b>Total</b>		<b>590.93</b>		<b>350.14</b>

**NOTE 5 - LONG-TERM PROVISIONS**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
<b>Provision for Employee benefits:</b>		
– Compensated absences	4.07	3.83
– Gratuity (net)	–	0.12
<b>Total</b>	<b>4.07</b>	<b>3.95</b>

**NOTE 6 - TRADE PAYABLES**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
<b>Trade payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises (Note 35); and	57.78	63.27
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,327.67	2,499.31
<b>Total</b>	<b>2,385.45</b>	<b>2,562.58</b>

**NOTE 9 - FIXED ASSETS**

Description of Assets	Balance as at 1 <sup>st</sup> April, 2015	Gross Block			Accumulated Depreciation				Net Block	
		Additions	Disposals	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 1 <sup>st</sup> April, 2015	Depreciation expense for the year	Eliminated on disposal of assets	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 31 <sup>st</sup> March, 2015
<b>Tangible Assets</b>										
Plant and Machinery	–	40.36	–	40.36	–	1.70	–	1.70	38.66	–
	–	–	–	–	–	–	–	–	–	–
Vehicles	14.03	–	–	14.03	4.17	2.75	–	6.92	7.11	9.86
	(14.03)	–	–	(14.03)	(1.42)	(2.75)	–	(4.17)	(9.86)	–
Computers	9.01	–	1.59	7.42	7.33	1.04	1.51	6.86	0.56	1.68
	(9.01)	–	–	(9.01)	(4.44)	(2.89)	–	(7.33)	(1.68)	–
<b>Total</b>	<b>23.04</b>	<b>40.36</b>	<b>1.59</b>	<b>61.81</b>	<b>11.50</b>	<b>5.49</b>	<b>1.51</b>	<b>15.48</b>	<b>46.33</b>	<b>11.54</b>
(Previous Year)	(23.04)	–	–	(23.04)	(5.86)	(5.64)	–	(11.50)	–	–

Rupees Lakhs

Note-1:

In the previous year, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company had fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and had adjusted an amount of Rs. 0.84 Lakhs (net of deferred tax of Rs. 0.43 Lakhs) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the previous year was lower by Rs. 1.00 Lakhs consequent to the change in the useful life of the assets.

Note-2:

Figures in brackets are in respect of the corresponding previous year.

**NOTE 7 - OTHER CURRENT LIABILITIES**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
<b>Other Payables:</b>		
(i) Statutory remittances (Contributions to PF and other funds, VAT, etc.)	72.00	46.09
(ii) Payables on purchase of fixed assets	6.85	–
(iii) Deposits	–	2.00
(iv) Advance from customers	264.11	177.56
(v) Interest accrued on trade payables	2.51	6.02
<b>Total</b>	<b>345.47</b>	<b>231.67</b>

**NOTE 8 - SHORT-TERM PROVISIONS**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
<b>a. Provision for Employee benefits:</b>		
– Compensated absences	7.45	8.92
– Gratuity (net)	4.56	14.34
– Performance pay	23.24	30.48
<b>b. Provision-Others:</b>		
– Provision for tax [Net of Advance tax Rs. 255.39 Lakhs (2015: Rs. 208.79 Lakhs)]	2.29	48.88
– Warranty (Note 30(a))	38.99	28.87
– Proposed Dividend	573.96	114.79
– Tax on proposed dividend	116.85	23.37
– Provision for loss on sales return (Note 30(b))	–	328.68
<b>Total</b>	<b>767.34</b>	<b>598.33</b>

**NOTE 10 - DEFERRED TAX ASSETS (NET)**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
<b>Deferred Tax Liability:</b>		
On fiscal allowances on fixed assets	0.11	0.40
<b>Total</b>	<b>0.11</b>	<b>0.40</b>
<b>Deferred Tax Asset:</b>		
(i) Provision for employee benefits	5.56	8.99
(ii) Provision for doubtful trade receivables	19.24	28.43
(iii) Provision for warranty	13.49	9.55
(iv) Provision for loss on sales return	–	109.09
<b>Total</b>	<b>38.29</b>	<b>156.06</b>
<b>Net Deferred Tax Assets</b>	<b>38.18</b>	<b>155.66</b>

**NOTE 11 - LONG TERM LOANS AND ADVANCES**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
<b>(Unsecured, considered good unless otherwise stated)</b>		
(a) Security deposits	40.80	40.80
(b) Advance income tax [Net of provision for tax Rs. 533.76 Lakhs (2015: Rs. 201.17 Lakhs)]	86.86	70.13
(c) Balances with government authorities – VAT credit receivable	235.92	–
<b>Total</b>	<b>363.58</b>	<b>110.93</b>

**NOTE 12 - CURRENT INVESTMENTS**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Units	Rupees Lakhs	Units	Rupees Lakhs
Other Current Investments (Unquoted) (Non-Trade) (at cost and fair value whichever is lower)				
Investments in Mutual funds (Refer details below)	99,417	550.00	442,725	800.00
<b>Total</b>	<b>99,417</b>	<b>550.00</b>	<b>442,725</b>	<b>800.00</b>

Details of Units	As at 31 <sup>st</sup> March, 2016			As at 31 <sup>st</sup> March, 2015		
	Face Value Per Unit (Rs)	No. of Units	Amount Rupees Lakhs	Face Value Per Unit (Rs)	No. of Units	Amount Rupees Lakhs
1. Birla Sun Life Cash Plus Growth	10.00	82,482	200.00	–	–	–
2. Kotak Floater Short Term - Growth	1,000.00	8,067	200.00	–	–	–
3. UTI Money Market Fund - Growth	1,000.00	8,868	150.00	–	–	–
4. Birla Sun Life Floating Rate Fund Short Term Plan - Growth	–	–	–	100.00	110,813	200.00
5. DWS Insta Cash Plus Fund Super Institutional Plan	–	–	–	100.00	225,473	400.00
6. ICI Pru Money Market Fund - Growth	–	–	–	100.00	106,439	200.00
		<b>99,417</b>	<b>550.00</b>		<b>442,725</b>	<b>800.00</b>

**NOTE 13 - INVENTORIES**

(at cost and net realisable value whichever is lower)

Particulars	As at 31 <sup>st</sup> March, 2016			As at 31 <sup>st</sup> March, 2015		
	Closing	In-Transit	Total	Closing	In-Transit	Total
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Stock-in-trade						
– Bought out spares	2,298.55	4.68	2,303.23	1,827.34	3.90	1,831.24
<b>Total</b>	<b>2,298.55</b>	<b>4.68</b>	<b>2,303.23</b>	<b>1,827.34</b>	<b>3.90</b>	<b>1,831.24</b>

**NOTE 14 - TRADE RECEIVABLES**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
<b>(Unsecured, considered good unless otherwise stated)</b>		
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered Good	234.05	143.29
Considered Doubtful	55.58	86.00
		289.63
(Less): Provision for doubtful trade receivables		(55.58)
		234.05
(b) Other Trade Receivables:		
Considered Good	1,961.41	2,338.03
Considered Doubtful	–	–
		1,961.41
<b>Total</b>	<b>2,195.46</b>	<b>2,481.32</b>

**NOTE 15 - CASH AND BANK BALANCES**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
<b>(A) Cash and Cash Equivalents (as per AS 3 Cash Flow Statements):</b>		
(a) Cheques on hand	33.67	–
(b) Balances with banks:		
In current accounts	43.47	14.73
<b>Total Cash and Cash Equivalents (as per AS 3 Cash Flow Statements)</b>	<b>77.14</b>	<b>14.73</b>
<b>(B) Other bank balances</b>		
Fixed Deposits with original maturity greater than 3 months*	752.00	450.00
<b>Total (A + B)</b>	<b>829.14</b>	<b>464.73</b>

\* Includes fixed deposits of Rs. 2 lakhs ( 2015: Rs. NIL) under bank's lien.

**NOTE 16 - SHORT TERM LOANS AND ADVANCES**

Particulars	As at	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
<b>(Unsecured, considered good unless otherwise stated)</b>		
(a) Prepaid expenses	3.06	14.80
(b) Loans and advances others	0.51	0.20
(c) Balances with government authorities		
(i) VAT credit receivable	–	75.13
(ii) Deposit with excise authorities	14.73	59.15
(iii) Service Tax credit receivable	16.63	8.56
	31.36	142.84
(d) Advances to suppliers	24.74	23.63
<b>Total</b>	<b>59.67</b>	<b>181.47</b>

**NOTE 17 - OTHER CURRENT ASSETS**

Particulars	As at	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
Interest accrued on Fixed Deposits	3.52	5.63
<b>Total</b>	<b>3.52</b>	<b>5.63</b>

**NOTE 18 - REVENUE FROM OPERATIONS (GROSS)**

Particulars	For the year ended	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
(a) Sale of Products	11,458.41	10,096.01
(b) Other Operating revenues		
– Sale of Scrap	4.04	9.66
– Others	0.41	0.23
<b>Total</b>	<b>11,462.86</b>	<b>10,105.90</b>

**NOTE 19 - OTHER INCOME**

Particulars	For the year ended	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
(a) Net gain on sale of current investments	39.99	6.92
(b) Dividend income from current investments (others)	29.48	–
(c) Interest on Fixed Deposit	47.86	6.25
(d) Interest on overdue trade receivables	–	2.58
(e) Interest – Income Tax Refund	3.91	–
(f) Liabilities/Provisions no longer required written back	203.43	–
<b>Total</b>	<b>324.67</b>	<b>15.75</b>

**NOTE 20 - PURCHASES OF STOCK-IN-TRADE (TRADED GOODS)**

Particulars	For the year ended	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
Bought out Spares	7,116.28	5,994.62
<b>Total</b>	<b>7,116.28</b>	<b>5,994.62</b>

**NOTE 21 - CHANGES IN INVENTORIES OF STOCK-IN-TRADE**

Particulars	For the year ended	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
(a) Inventories at the beginning of the year		
Stock-in-trade	1,831.24	1,847.86
	1,831.24	1,847.86
(b) Inventories at the end of the year		
Stock-in-trade	2,303.23	1,831.24
	2,303.23	1,831.24
<b>Net (Increase)/Decrease</b>	<b>(471.99)</b>	<b>16.62</b>

**NOTE 22 - EMPLOYEE BENEFITS EXPENSE**

Particulars	For the year ended	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
(a) Salaries and wages	170.24	247.88
(b) Contribution to provident and other funds	5.71	12.42
(c) Employee Compensation Expenses (ESOP)	6.11	0.40
(d) Staff welfare expenses	2.40	4.32
<b>Total</b>	<b>184.46</b>	<b>265.02</b>

**NOTE 23 - FINANCE COSTS**

Particulars	For the year ended	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
Interest expense:		
– Interest on delayed payment of income tax	6.09	8.10
– Interest on Trade payables	2.51	5.34
– Others	0.27	–
<b>Total</b>	<b>8.87</b>	<b>13.44</b>



**NOTE 24 - OTHER EXPENSES**

Particulars	For the	For the
	year ended	year ended
	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	2016	2015
	Rupees	Rupees
	Lakhs	Lakhs
Rent including lease rentals	159.14	125.77
Repairs and maintenance - Others	5.89	4.03
Advertisement and sales promotion expenses	26.88	14.26
Insurance	8.58	7.21
Rates and taxes	0.93	2.22
Travelling expenses	15.07	22.36
Freight and forwarding	544.12	447.39
Dealer and other incentives	431.10	586.56
Warranty	47.15	78.84
Service charges	735.62	391.44
Professional Fees	36.93	18.10
Provision for doubtful trade receivables	19.71	72.84
Bad trade receivables written off	0.31	-
Auditors' remuneration (Note 37)	10.99	6.94
Loss on Fixed Assets scrapped	0.08	-
Provision for loss on sales return (Note 30(b))	-	328.68
(Decrease)/Increase of Excise Duty on inventory (Note 31)	(5.38)	15.30
Miscellaneous expenses (Note 38)	27.28	29.37
<b>Total</b>	<b>2,064.40</b>	<b>2,151.31</b>

**NOTE 25 - THE NET EXCHANGE DIFFERENCES ARISING DURING THE YEAR:**

Recognised appropriately in the Statement of Profit and Loss - net loss - **Rs. 0.41 Lakhs** (2015 - net loss - Rs. 0.01 Lakhs).

**NOTE 26 - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) ARE AS UNDER:**
**(A) Defined Contribution Plan**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Amount recognised as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is **Rs. 5.47 lakhs** (2015 - Rs. 8.36 lakhs).

**(B) Defined Benefit Plan**
**(i) The Defined Benefit Plans comprise of Gratuity**

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements.

Particulars	(Rupees Lakhs)	
	As at	As at
	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	2016	2015
	Gratuity	Gratuity
<b>I Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:</b>		
1 Present Value of Defined Benefit Obligation at beginning of the year	14.57	10.45
2 Current Service cost	3.79	3.65
3 Interest Cost	1.09	0.95
4 Actuarial gains	(4.11)	(0.48)
5 Benefits paid	(1.28)	-
6 Present value of Defined Benefit Obligation as at end of the year	14.06	14.57

(Rupees Lakhs)

Particulars	Gratuity	
	As at	As at
	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	2016	2015
<b>II. Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:</b>		
1 Fair value of Plan assets at beginning of the year	0.12	-
2 Asset acquired on transfer in of Employees	-	-
3 Expected return on plan assets	0.39	-
4 Actuarial gain on plan assets	0.15	0.06
5 Actual contributions by employers.	8.84	0.05
6 Benefits paid	-	-
7 Plan assets at the end of the year	9.50	0.12

Particulars	Gratuity	
	As at	As at
	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	2016	2015
<b>III. Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet:</b>		
1 Present value of Defined Benefit Obligation	14.06	14.57
2 Fair value of plan assets	9.50	0.12
3 Funded status (Deficit)	(4.56)	(14.45)
4 Unrecognized Past Service Costs	-	-
5 <b>Net (Liability) recognized in Balance Sheet</b>	<b>(4.56)</b>	<b>(14.45)</b>

Particulars	Gratuity	
	For the	For the
	year ended	year ended
	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	2016	2015
<b>IV Components of employer expenses recognized in the statement of profit and loss for the year ended:</b>		
1 Current Service cost	3.79	3.65
2 Interest cost	1.09	0.95
3 Expected return on plan assets	(0.39)	-
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Past Service cost	-	-
7 Actuarial (Gains)	(4.26)	(0.54)
8 <b>Total expense recognized in the Statement of Profit and Loss under Contribution to Provident Fund and other Funds</b>	<b>0.23</b>	<b>4.05</b>

Category of Assets (% Allocation)	Gratuity	
	As at	As at
	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	2016	2015
V Insurer Managed Funds	100%	100%

Principal Actuarial Assumptions:	Gratuity	
	As at	As at
	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	2016	2015
1 Discount Rate (%)	8.00%	7.80%
2 Expected Return on plan assets (%)	8.50%	8.50%
3 Salary Escalation (%)	10.00%	10.00%
4 Attrition Rate (%)	7.00%	7.00%
5 Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

VII	Experience Adjustment History for 5 years:	Gratuity				
		2015-16	2014-15	2013-14	2012-13	2011-12
1	Defined Benefit Obligation at the end of the period	14.06	14.57	10.45	7.15	-
2	Plan Assets at the end of the period	9.50	0.12	-	-	-
3	Funded Status	(4.56)	(14.45)	(10.45)	(7.15)	-
4	Experience adjustments on plan liabilities	(3.78)	(2.41)	0.62	-	-
5	Experience adjustments on plan assets	(0.15)	(0.06)	-	-	-

(ii) The expected return on plan assets is based on the expectation of the average long term rate of return expected on investment of the fund during the estimated terms of obligation.

(iii) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

(iv) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**NOTE 27 - Related Party Disclosures:**

**(A) Name of the related party and nature of relationship:**

**(a) Related parties where control exists:**

Holding Company : Mahindra & Mahindra Limited

**(b) Other parties with whom transactions have taken place during the year:**

(i) Fellow Subsidiaries :

Sr. No	Name of the company
1	Mahindra Vehicle Manufacturers Limited
2	Mahindra Logistics Limited
3	Mahindra Heavy Engines Limited
4	Mahindra Integrated Business Solutions Limited
5	Defence Land Systems India Limited
6	Lords Freight India Private Limited

(ii) Key Managerial personnel : Managing Director - Mr. Nalin Mehta

**(B) Related Party Transactions:**

Nature of Transactions	Rupees Lakhs		
	Holding Company (Mahindra & Mahindra Limited)	Fellow Subsidiaries	Key Management Personnel
1 Purchases:			
Goods	<b>491.90</b> (494.50)	<b>1,649.28</b> (1150.71)	... (...)
Service	<b>826.83</b> (447.48)	<b>475.22</b> (461.05)	... (...)
2 Sales:			
Goods	<b>58.29</b> (182.44)	<b>0.86</b> (3.73)	... (...)
3 Other Transactions			
Reimbursement of expenses (Refer Note 1 below)	<b>84.78</b> (72.06)	... (...)	... (...)
Other Income	- (2.58)	... (...)	... (...)
Dividend Paid	<b>114.79</b> (114.79)	... (...)	... (...)
Dividend Payable	- (114.79)	... (...)	... (...)

Nature of Transactions	Rupees Lakhs		
	Holding Company (Mahindra & Mahindra Limited)	Fellow Subsidiaries	Key Management Personnel
4 Outstanding Payable	<b>198.81</b> (260.54)	<b>259.51</b> (134.97)	(...) (...)
Receivable	<b>540.47</b> (367.72)	<b>2.77</b> (2.33)	(...) (...)
5 Managerial Remuneration (Refer Note 1 below)	... (...)	... (...)	<b>9.63</b> (5.72)

**The significant related party transactions are as under:**

Nature of Transactions	Fellow Subsidiaries	Amount
Purchase – Goods	Mahindra Vehicle Manufactures Limited	<b>342.34</b> (311.46)
	Mahindra Heavy Engines Limited	<b>1,306.94</b> (839.25)
Purchase – Services	Mahindra Logistics Limited	<b>466.89</b> (456.65)
Sales – Goods	Defence Land Systems of India Limited	<b>0.86</b> (3.73)

**Notes:-**

- 1) Reimbursement of expenses disclosed above includes managerial remuneration of Rs. 9.63 lakhs (2015: Rs. 5.72 Lakhs).
- 2) Figures in brackets are in respect of the corresponding previous year.

**NOTE 28 - THE TOTAL OF FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE:**

- (a) Lease payments recognised in the Statement of Profit and Loss for the year **Rs. 159.14 Lakhs** (2015 : Rs. 125.77 Lakhs).
- (b) The total of future minimum lease payments under non-cancellable operating leases for each of the following period are as under:

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
(i) Not later than one year	24.68	42.37
(ii) Later than one year and not later than five years	-	-
(iii) Later than five years	-	-
<b>Total</b>	<b>24.68</b>	<b>42.37</b>

**NOTE 29 - EARNING PER SHARE**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Amount used as the numerator – Profit after tax for the year (Rs. Lakhs)	931.60
Weighted average number of equity shares used in computing Earnings per share	1,147,925,600	1,147,925,600
Basic and Diluted Earnings per share (Face value of Rs. 0.20 per share)	0.08	0.02

**NOTE 30 - Details of provisions and movements in each class of provisions.**

- (a) Provision for warranty **Rs. 38.99 Lakhs** (2015: Rs. 28.87 Lakhs) relates to provision made in respect of sale of certain products, the estimated costs of which is accrued at the time of sale. The products are generally covered under warranty period ranging upto 6 months or 20,000 kms. from the date of fitment, whichever is earlier.

The movement in above provisions is as follows:

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
Balance as at 1 <sup>st</sup> April	28.87	-
Add: Provision made during the year	47.15	28.87
Less: Provision utilised during the year	37.03	-
Balance as at 31 <sup>st</sup> March	<b>38.99</b>	<b>28.87</b>

- (b) Provision for loss on sales return:

The movement in above provision is as follows:

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
Balance as at 1 <sup>st</sup> April	328.68	-
Add: Provision made during the year	-	328.68

**Note 33 - Details of Sales and Finished Goods Stock under broad heads**

Particulars	Opening stock		Closing stock		Sales	
	As at	As at	As at	As at	For the year ended	For the year ended
	1 <sup>st</sup> April, 2015	1 <sup>st</sup> April, 2014	31 <sup>st</sup> March, 2016	31 <sup>st</sup> April, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Traded Goods under Broad Heads						
Bought out spares	1,831.24	1,847.86	2,303.23	1,831.24	11,462.86	10,105.90
<b>Total</b>	<b>1,831.24</b>	<b>1,847.86</b>	<b>2,303.23</b>	<b>1,831.24</b>	<b>11,462.86</b>	<b>10,105.90</b>

**NOTE 34 -**

Details of year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise:

Particulars	Amount in foreign currency USD		Equivalent amount Rupees Lakhs	
	As at	As at	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Amounts receivable in foreign currency	7,150.44	12,867.46	4.71	8.11
Amounts payable in foreign currency	21,099.05	16,408.24	14.09	10.35

**NOTE 35 -**

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	57.78	63.27
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.03	2.01
(iii) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	6.02	1.25

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
Less: Provision reversed/utilised during the year	328.68	-
Balance as at 31 <sup>st</sup> March	<b>-</b>	<b>328.68</b>

**NOTE 31 -** Excise duty recovered is included in Sale of Products which comprises of Traded goods. Excise duties in respect of stock in trade are shown separately as an item of expenses and included in the valuation of Inventory.

**NOTE 32 - CIF VALUE OF IMPORTS**

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
Bought out spares	51.00	19.62
<b>Total</b>	<b>51.00</b>	<b>19.62</b>

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs

- (iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006
- (v) The amount of interest accrued and remaining unpaid at the end of the accounting year
- (vi) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**NOTE 36 - EARNINGS IN FOREIGN EXCHANGE**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
FOB Value of exports	33.00	11.38
<b>Total</b>	<b>33.00</b>	<b>11.38</b>

**NOTE 37 - AUDITORS' REMUNERATION:**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	Rupees Lakhs	Rupees Lakhs
Audit fees	9.16	6.84
Other services	1.73	-
Out of pocket expenses reimbursed	0.10	0.10
<b>Total</b>	<b>10.99</b>	<b>6.94</b>

**NOTE 38 - Commission to Independent Directors**

Miscellaneous Expenses include Rs. 6.90 lakhs (2015: Rs. NIL) payable as Commission to Independent Directors subject to the approval of members at the Annual General Meeting.

**NOTE 39 -**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

**Nalin Mehta**  
Managing Director

**Bharat Moossadde**  
Directors

**Arun Mishra**  
Chief Financial Officer

**Suryakant Laxman Khare**  
Company Secretary

Place: Mumbai  
Date: 28<sup>th</sup> April, 2016

## DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2016

Your directors present their report on Mahindra Automotive Australia Pty Limited ("the company") for the financial year ended 31<sup>st</sup> March, 2016:

### Directors

The names and particulars of the directors of the company during or since the end of the financial year are:

Pravin Kumar Shah

Pradeep Kumar

Carlo Lacota

Michael Thomas Tynan (ceased 1<sup>st</sup> February, 2016)

Vijay Madhav Paradkar (appointed 30<sup>th</sup> April, 2015)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Retirement and Appointment of Directors

During the year Michael Thomas Tynan ceased being a director on 1<sup>st</sup> February, 2016. Vijay Madhav Paradkar was appointed as a director on 30<sup>th</sup> April, 2015.

### Principal Activities

The principal activities of the company during the financial year was distribution of new motor vehicles, tractors and related spare parts inventory. There have been no significant changes in the nature of the company's principal activities during the financial year.

### Review of Operations

The profit after tax for the current year amounted to \$1,295,340 (2015: \$515,889).

A review of the operations of the company during the financial year and the results of those operations found that the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

### Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the Company in future financial years.

### Likely Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

### Significant Changes in State of Affairs

There has been no significant changes in the company's state of affairs occurred during the financial year.

### Auditors Independence Declaration

The lead auditors independence declaration for the year ended 31<sup>st</sup> March, 2016 has been received and can be found on page herein of the financial report.

### Dividends

No dividends have been paid or declared since the beginning of the year.

### Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

### No Indemnities

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any persons who is or has been an officer or auditor of Mahindra Automotive Australia Pty Limited.

### No Leave or Proceedings

No persons has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Pravin Kumar Shah

Carlo Lacota

Vijay Madhav Paradkar

Pradeep Kumar

Date : 27<sup>th</sup> April, 2016

Place: Mumbai

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA AUTOMOTIVE AUSTRALIA PTY LIMITED**

We have audited the accompanying financial report, being a special purpose financial report, of Mahindra Automotive Australia Pty Limited, which comprises the statement of financial position as at 31<sup>st</sup> March, 2016, and the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Auditor's Independence Declaration**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors Mahindra Automotive Australia Pty Limited would be in the same terms if given to the directors as at the time of this auditor's report.

### **Opinion**

In our opinion, the financial report of Mahindra Automotive Australia Pty Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31<sup>st</sup> March, 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

### **Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

DELOITTE TOUCHE TOHMATSU

Stavroula Papadatos

Partner

Chartered Accountants

Sydney

Date : 27<sup>th</sup> April, 2016

**Deloitte Touche Tohmatsu**  
ABN 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1219 Australia

Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001

The Board of Directors  
Mahindra Automotive Australia Pty Limited  
4/20 Buttonwood Place  
Willawong Queensland 4110

Dear Board Members

**Mahindra Automotive Australia Pty Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mahindra Automotive Australia Pty Limited.

As lead audit partner for the audit of the financial statements of Mahindra Automotive Australia Pty Limited for the financial year ended 31<sup>st</sup> March 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

DELOITTE TOUCHE TOHMATSU

Stavroula Papadatos

Partner

Chartered Accountants

Sydney

Date : 27<sup>th</sup> April, 2016

**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note	2016 \$	2016 ₹	2015 \$	2015 ₹
Sales revenue .....	2	22,314,113	1,095,622,948	20,016,194	982,795,125
Other revenue .....	2	160,294	7,870,435	368,884	18,112,204
Finance Costs .....		(8,282)	(406,646)	(22,415)	(1,100,577)
Expenses.....	3	(21,459,668)	(1,053,669,699)	(19,846,774)	(974,476,603)
<b>Profit/(loss) before income tax.....</b>		<b>1,006,457</b>	<b>49,417,038</b>	515,889	25,330,149
Income tax benefit .....	4	288,883	14,184,155	–	–
<b>Profit for the year.....</b>		<b>1,295,340</b>	<b>63,601,194</b>	515,889	25,330,149
Other Comprehensive Income .....		–	–	–	–
<b>Total comprehensive income for the year .....</b>		<b>1,295,340</b>	<b>63,601,194</b>	515,889	25,330,149

The accompanying notes form part of these financial statements.



**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> MARCH, 2016**

	Note	2016 \$	2016 ₹	2015 \$	2015 ₹
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents.....	5	533,631	26,201,282	171,046	8,398,359
Trade and other receivables .....	6	2,740,769	134,571,758	3,331,079	163,555,979
Inventories.....	7	8,685,945	426,479,900	5,888,221	289,111,651
<b>Total current assets</b> .....		<b>11,960,345</b>	<b>587,252,940</b>	<b>9,390,346</b>	<b>461,065,989</b>
<b>Non-current assets</b>					
Net deferred tax.....	4	288,883	14,184,155	–	–
Plant and equipment .....	8	252,434	12,394,509	265,092	13,016,017
Total non-current assets .....		<b>541,317</b>	<b>26,578,664</b>	<b>265,092</b>	<b>13,016,017</b>
<b>TOTAL ASSETS</b> .....		<b>12,501,662</b>	<b>613,831,604</b>	<b>9,655,438</b>	<b>474,082,006</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables .....	9	9,280,237	455,659,637	7,740,018	380,034,884
Provisions.....	10	77,293	3,795,086	66,628	3,271,435
<b>Total current liabilities</b> .....		<b>9,357,530</b>	<b>459,454,723</b>	<b>7,806,646</b>	<b>383,306,319</b>
<b>TOTAL LIABILITIES</b> .....		<b>9,357,530</b>	<b>459,454,723</b>	<b>7,806,646</b>	<b>383,306,319</b>
<b>NET ASSETS</b> .....		<b>3,144,132</b>	<b>154,376,881</b>	<b>1,848,792</b>	<b>90,775,687</b>
<b>EQUITY</b>					
Issued capital.....	11	4,575,000	224,632,500	4,575,000	224,632,500
Reserves.....		–	–	–	–
Accumulated losses .....		(1,430,868)	(70,255,619)	(2,726,208)	(133,856,813)
<b>TOTAL EQUITY</b> .....		<b>3,144,132</b>	<b>154,376,881</b>	<b>1,848,792</b>	<b>90,775,687</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Issued Capital \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 April 2014.....	4,575,000	–	(3,242,097)	1,332,903
Total comprehensive income for the year .....	–	–	515,889	515,889
Foreign currency translation reserve .....	–	–	–	–
<b>Balance at 31 March 2015.....</b>	<b>4,575,000</b>	<b>–</b>	<b>(2,726,208)</b>	<b>1,848,792</b>
Balance at 1 April 2015.....	4,575,000	–	(2,726,208)	1,848,792
Foreign currency transfer.....	–	–	–	–
Total comprehensive income for the year .....	–	–	1,295,340	1,295,340
<b>Balance at 31 March 2016.....</b>	<b>4,575,000</b>	<b>–</b>	<b>(1,430,868)</b>	<b>3,144,132</b>

	Issued Capital ₹	Foreign Currency Translation Reserve ₹	Accumulated Losses ₹	Total ₹
Balance at 1 April 2014.....	224,632,500	–	(159,186,963)	65,445,537
Total comprehensive income for the year .....	–	–	25,330,150	25,330,150
Foreign currency translation reserve .....	–	–	–	–
<b>Balance at 31 March 2015.....</b>	<b>224,632,500</b>	<b>–</b>	<b>(133,856,813)</b>	<b>90,775,687</b>
Balance at 1 April 2015.....	224,632,500	–	(133,856,813)	90,775,687
Foreign currency transfer.....	–	–	–	–
Total comprehensive income for the year .....	–	–	63,601,194	63,601,194
<b>Balance at 31 March 2016.....</b>	<b>224,632,500</b>	<b>–</b>	<b>(70,255,619)</b>	<b>154,376,881</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

		2016	2016	2015	2015
	Note	\$	₹	\$	₹
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts from customers.....		24,899,127	1,222,547,136	19,832,699	973,785,522
Cash payments to suppliers and employees.....		(24,490,442)	(1,202,480,702)	(19,986,225)	(981,323,648)
Interest received .....		-	-	-	-
Finance costs.....		(8,282)	(406,646)	(22,415)	(1,100,577)
<b>Net cash provided by operating activities.....</b>	<b>13</b>	<b>400,403</b>	<b>19,659,788</b>	<b>(175,941)</b>	<b>(8,638,703)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase/(sale) of plant & equipment.....		(37,818)	(1,856,864)	(125,047)	(6,139,807)
<b>Net cash provided by investing activities.....</b>		<b>(37,818)</b>	<b>(1,856,864)</b>	<b>(125,047)</b>	<b>(6,139,807)</b>
<b>Net increase in cash and cash equivalents .....</b>		<b>362,585</b>	<b>17,802,924</b>	<b>(300,988)</b>	<b>(14,778,510)</b>
Cash and cash equivalents at beginning of year ..		171,046	8,398,359	472,034	23,176,869
<b>Cash and cash equivalents at end of year .....</b>	<b>5</b>	<b>533,631</b>	<b>26,201,284</b>	<b>171,046</b>	<b>8,398,359</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1. Statement of significant accounting policies

#### General information

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports, tailored so as to satisfy specifically all of their information needs.

For the purposes of preparing the financial statements, the Company is a for profit entity.

Mahindra Automotive Australia Pty Limited is a proprietary company limited by shares, incorporated and domiciled in Australia. The immediate and ultimate parent entity is Mahindra & Mahindra Limited incorporated in India.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. Any changes in accounting policies compared to the previous financial year have been disclosed in the Notes to the financial statements.

#### Basis of preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001, the basis of accounting specified by all Accounting Standards and Interpretations, and the disclosure requirements of the following Accounting Standards:

AASB 101	: Presentation of Financial Statements
AASB 107	: Cash Flow Statements
AASB 108	: Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1054	: Australian Additional Disclosures

The financial report has been prepared on an accruals basis and is based on historical costs, and financial assets and financial liabilities for which fair value basis of accounting has been applied. All amounts have been stated in Australian dollars.

#### Adoption of new and revised accounting standards

New and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) have not resulted in changes to the entity's accounting policies.

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined.

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AAASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	31 December 2018
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	31 December 2018
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
AASB 2015-9 'Amendments to Australian Accounting Standards - Scope and application Paragraphs'	1 January 2016	31 December 2016

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### (a) Inventories

Stock on hand has been valued as follows:

New vehicles and tractors - at the lower of cost and net realisable value.

Spare parts and accessories - at the lower of cost price and net realisable value.

Demonstrator vehicles - at the lower of cost and net realisable value on a unit by unit basis.

#### (b) Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

##### i) Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the initial fair value.

##### ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### iii) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

#### (c) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and on unused tax losses. No deferred tax assets or liabilities will be recognised from the initial recognition of an asset or liability excluding a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### (d) Revenue recognition

##### i) Sales revenue

Revenue from sale of goods is recognised when the buyer has accepted the risks and rewards of ownership by taking delivery of the goods.

##### ii) Goods and Services Tax

All revenue is stated net of the amount of goods and services tax (GST). Cash flows are included in the cash flow statement

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(e) Plant and equipment**
**i) Plant and equipment**

Plant and equipment is measured on the cost basis less depreciation and impairment losses. Plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs includes an estimate of any expenditure expected to be incurred at the end of the asset's useful life. The following useful lives are used in the calculation of depreciation:

Plant and equipment	3 – 15 years
Furniture and fixtures	3 – 15 years
Motor Vehicles	4 – 8 years
Computer equipment	3 – 10 years

The carrying amount of plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**ii) Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred back to the income statement as part of the profit or loss on disposal.

**(f) Employee benefits**

Provisions are made for the company's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the nominal value.

**(g) Critical judgements in applying the entity's accounting policies**

The following are the critical judgements that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

In determining the value of the deferred tax asset management have applied judgement regarding recover ability of the asset in accordance with Note 1c.

	2016 \$	2016 ₹	2015 \$	2015 ₹
<b>2 Revenue</b>				
Operating activities				
– Sales revenue	22,314,113	1,095,622,948	20,016,194	982,795,125
– Other revenue	160,294	7,870,435	368,884	18,112,204
Total revenue	<u>22,474,407</u>	<u>1,103,493,383</u>	<u>20,385,078</u>	<u>1,000,907,329</u>
<b>3 Expenses</b>				
Cost of sales	16,548,503	812,531,497	15,329,417	752,674,375
Depreciation	50,476	2,478,372	57,294	2,813,135
Employee benefits expense	1,601,888	78,652,701	1,558,307	76,512,874
Consulting and professional fees	49,116	2,411,596	46,011	2,259,140
Advertising	1,541,252	75,675,472	1,213,094	59,562,915
Freight and cartage	300,481	14,753,617	343,933	16,887,110
Travel	156,817	7,699,715	146,938	7,214,656
Other expenses from ordinary activities	1,211,135	59,466,729	1,151,780	56,552,398
	<u>21,459,668</u>	<u>1,053,669,699</u>	<u>19,846,774</u>	<u>974,476,603</u>
<b>4 Income tax</b>				
<b>i) Prima facie tax on profit from ordinary activities</b>				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%)	301,937	14,825,107	154,767	7,599,060
Tax effect of:				
– timing differences recognised in the current year	36,083	1,771,675	–	–
– tax losses utilised in the current year	(338,020)	(16,596,782)	(154,767)	(7,599,060)
– timing differences	288,883	14,184,155	–	–
Income tax benefit	288,883	14,184,155	–	–
<b>ii) Deferred tax asset</b>				
– tax effect of timing differences	288,883	14,184,155	–	–
	<u>288,883</u>	<u>14,184,155</u>	<u>–</u>	<u>–</u>
	<u>2016 \$</u>	<u>2016 ₹</u>	<u>2015 \$</u>	<u>2015 ₹</u>
<b>5 Cash and cash equivalents</b>				
Cash at bank	533,631	26,201,282	171,046	8,398,359
	<u>533,631</u>	<u>26,201,282</u>	<u>171,046</u>	<u>8,398,359</u>
<b>6 Trade and other receivables</b>				
Amounts due from franchised dealers	2,727,978	133,943,720	3,106,739	152,540,885
Provision for impairment of receivables	–	–	(6,732)	(330,541)
Other receivables	12,791	628,038	231,072	11,345,635
	<u>2,740,769</u>	<u>134,571,758</u>	<u>3,331,079</u>	<u>163,555,979</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**7 Inventories**

	2016 \$	2016 ₹	2015 \$	2015 ₹
New vehicles and tractors - on hand	2,658,032	130,509,371	1,990,860	97,751,226
New vehicles and tractors - in transit	3,684,934	180,930,259	1,401,490	68,813,159
Demonstrator vehicles	52,067	2,556,490	94,941	4,661,603
Spare parts and accessories	2,290,912	112,483,780	2,400,930	117,885,663
	<u>8,685,945</u>	<u>426,479,900</u>	<u>5,888,221</u>	<u>289,111,651</u>

**8 Plant and equipment**

Plant and equipment at cost	52,425	2,574,068	52,425	2,574,066
Less: accumulated depreciation	(17,433)	(855,960)	(12,634)	(620,329)
	<u>34,992</u>	<u>1,718,108</u>	<u>39,791</u>	<u>1,953,737</u>
Furniture and fixtures at cost	251,480	12,347,667	236,380	11,606,258
Less: accumulated depreciation	(135,850)	(6,670,235)	(118,240)	(5,805,584)
	<u>115,630</u>	<u>5,677,432</u>	<u>118,140</u>	<u>5,800,674</u>
Motor vehicles at cost	166,399	8,170,191	152,072	7,466,735
Less: accumulated depreciation	(72,539)	(3,561,665)	(50,712)	(2,489,959)
	<u>93,860</u>	<u>4,608,526</u>	<u>101,360</u>	<u>4,976,776</u>
Computer equipment at cost	47,773	2,345,654	39,380	1,933,559
Less: accumulated depreciation	(39,821)	(1,955,211)	(33,579)	(1,648,729)
	<u>7,952</u>	<u>390,443</u>	<u>5,801</u>	<u>284,830</u>
Total plant and equipment	<u>252,434</u>	<u>12,394,509</u>	<u>265,092</u>	<u>13,016,017</u>

**9 Trade and other payables**

<b>CURRENT</b>				
Unsecured liabilities				
Trade payables	858,072	42,131,334	1,235,319	60,654,163
Other payables and accruals	1,310,041	64,323,013	1,515,882	74,429,806
Related party payables	7,112,124	349,205,290	4,988,817	244,950,915
	<u>9,280,237</u>	<u>455,659,637</u>	<u>7,740,018</u>	<u>380,034,884</u>

**10 Provisions**

<b>CURRENT</b>				
Employee benefits	77,293	3,795,086	66,628	3,271,435

**11 Issued capital**

4,575,000 Ordinary shares fully paid (2014: 4,575,000)	<u>4,575,000</u>	<u>224,632,500</u>	<u>4,575,000</u>	<u>224,632,500</u>
---	------------------	--------------------	------------------	--------------------

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

**12 Auditors' remuneration**

	2016 \$	2016 ₹	2015 \$	2015 ₹
Auditing services	40,700	1,998,370	37,800	1,855,980
Other services	1,500	73,650	2,500	122,750
	<u>42,200</u>	<u>2,072,020</u>	<u>40,300</u>	<u>1,978,730</u>

**13 Cash flow information**
**(a) Reconciliation of cash flow from operations with profit from ordinary activities after tax**

Net loss profit for the year	1,295,340	63,601,194	515,889	25,330,150
Non-cash flows in profit from ordinary activities				
Depreciation	50,476	2,478,372	57,294	2,813,135
Recognition of Deferred Tax Asset	(288,883)	(14,184,155)	-	-
Net (gain)/loss on disposal of PPE	-	-	-	-
Changes in assets and liabilities				
Decrease/(increase) in trade and other receivables	590,310	28,984,221	(2,386,789)	(117,191,340)
(Increase)/decrease in inventories	(2,797,724)	(137,368,248)	(176,043)	(8,643,711)
(Decrease)/increase in trade payables and accruals	1,540,219	75,624,753	1,797,753	88,269,672
(Decrease)/increase in provisions	10,665	523,652	15,955	783,391
	<u>400,403</u>	<u>19,659,789</u>	<u>(175,941)</u>	<u>(8,638,703)</u>

**14 Foreign currency translation**

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 49.10 = AUD 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2016.

**15 Subsequent events**

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**16 Company details**

Registered office  
The registered office and principal place of business of the company is:  
Mahindra Automotive Australia Pty Limited  
Unit 4/20 Buttonwood Place  
Willawong, QLD 4110

## **DIRECTORS' DECLARATION FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016**

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors declare that:

- (a) Notwithstanding Note 1(a) in the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Pravin Kumar Shah

Carlo Lacota

Vijay Madhav Paradkar

Pradeep Kumar

Date : 27<sup>th</sup> April, 2016

Place: Mumbai

**MAHINDRA EUROPE S.R.L.-Sole proprietorship**

Company subject to the management and the coordination of  
MAHINDRA & MAHINDRA LTD

Registered office in VIA CANCELLIERA N.35 -00040 ARICCIA (RM)  
Share capital 1,421,151.00 - INR/Laks 1.065.436,90, fully paid-up

**Directors' Report on the Financial Statements for the year closed on 31/03/2016****Dear Quotaholder,**

The Company closed the year ended on 31/03/2016 with a positive balance of Euro 555,868 – INR/Laks 416,73 after the allocation of current net tax amounting to Euro 65,343 INR/Laks 48,99 and amortizations, depreciations and impairments amounting to Euro 133,808 – 100,32 INR/Laks.

**Performance conditions and developments**

As you know, your Company performs its activities in the distribution of motor vehicles and spare parts, as official importer of Mahindra vehicles in the main European markets, including Italy and the main countries of Western and Eastern Europe.

In the business year ended on 31/03/2016 Mahindra Europe mainly imported and sold SUV XUV500 and light duty vehicles related to Goa m-Hawk Pick-up, Genio and Quanto.

Mahindra Europe also sells a wide range of special purpose vehicles ranging from fire fighting vehicles and dumpers to ambulances.

Your Company imports and sells original Mahindra spare parts and equipment.

Pursuant to Section 2428 of the Italian Civil code, we report that the Company performs its activities in its registered office in Ariccia (Rome, Italy).

Mahindra Europe S.r.l. is legally subject to the coordination and the control of Mahindra & Mahindra Ltd (based in Mumbai – India).

The most important change in the group structure during the financial year is related to the acquisition of the Pinfarina brand.

**Report on operations****General economic performance**

In 2015 the Italian economy was characterized by an increase in the debt-GDP ratio, which reached an historical record of 132.8% as against an average of 90.7% in the Eurozone. That value is mainly due to the payment of debts by the Public Administrations. The deficit/GDP ratio was 2.6% as against an average of 2.1% in the Eurozone, while the variation of GDP in terms of volume was +0.8% compared to last year as against an European average of +0.8%. Positive results were registered from the first quarter of 2015. The European

Commission's forecasts for 2016 are: GDP of 1.1% in 2016 and of 1.3% in 2017; deficit/GDP ratio of 2.6% dropping to 2.0% in 2016. Those forecasts are mainly driven by external factors such as the quantitative easing by the ECB, the fall in oil prices, the increase in exports, the sharp depreciation of the Euro and partially by internal factors such as structural reforms, low inflation, recover of labour market should give support to the purchasing power of private.

As for the developments on the labour market in Italy, the unemployment rate drop by 0.4 percentage points compared to the end of 2014 to 12.3% in December 2015 and 11.4% in March 2016. Youth unemployment rate of 37.9% in March 2016 causes serious concerns. The other positive sign comes from the reduction in the use of redundancy funds by enterprises.

In 2016, the average annual inflation rate remains low. This slowdown in inflation depends on a decrease in consumptions which should remain low for the 2015, mainly due to the poor economic recovery and a weak labour market as well as the presence of wide margins of unexploited earning capacity. Therefore, the European Central Bank is maintained its official interest rate at 0.05% till March 2016 and has further reduced its official interest rate at 0.00% to support economic recovery in the 2016 and to avoid the risk of deflation.

The economic forecast is particularly influenced by the possible evolution of international demand, Euro exchange rate, the solution to the Greek debt crisis and to the Syrian crisis and the supply of credit, all subject to the ECB easing measures. In Italy, the poor supply of consumer credit could continue to negatively influence consumers' confidence, their purchasing power and spending capacity. This could significantly affect the Company's business perspectives. The measures introduced by the national budget aimed at reducing the tax wedge will have a positive impact.

In general, the Company operates in a sector which is historically subject to repeated cycles and this tends to affect the general economic trend, in some cases also widening its scope.

In order to achieve positive results, the Company had to adjust its fixed costs to minimum sales volumes thorough downsizing operations. The Company also improved its capacity to generate positive cash flows by increasing the net working capital turn. In this context, the increase in sales volumes resulted in an increase in revenues and in a reduced use of self-liquidating credit lines.



### **Demand and reference market trends**

The company sold 976 vehicles during the year with an increase of 81% over prior year (539 vehicles) thanks in particular to the expansion of the Italian and Spanish markets and the higher sales of SUV XUV500 which accounted for 56% of the total sales (equalling the levels reached at its launch on the market) as compared to 68% for prior year, thanks to the refresh version. 722 vehicles were registered, thus registering a +47% over prior year.

The vehicles registered in the European market are more than 14 millions, with a 9.2% increase over the previous year (source: ACEA). However, the results of the 5 Major Markets are characterized by a strong recovery and the results at the end of 2015 were: Spain +20.9%, United Kingdom +6.3%, Italy +15.8%, Germany +5.6%, France +6.8%.

Only 1,574,775 new cars were registered on the Italian car market in 2015 (+15.8%). The market showed an increase for the second time since the beginning of the crisis in the car sector in 2008. In six years of crises the sales volumes in Italy were reduced by a half, while in 2015 the variations were positive throughout the year.

In particular, increased tax burden and higher operating costs caused a change in consumers' mobility habits. Italians had to use less their cars (with a consequent drop in mileages and consumptions) and nevertheless incurred in higher expenses for fuel, insurance, car tax, etc. We also recorded a change in the tastes of Italian consumers who now prefer low weight and low consumption vehicles (in 2015 petrol vehicles fell under 31% of the market share) and the registrations of diesel engine vehicles recovered from the decline recorded in previous years exceeding 55% of the market share, also thanks to the excellent performance of the rental sector. Natural gas vehicles fell thanks to the price of fuel and expired the public incentives, while electrical and hybrid vehicles continue to rise in number thanks to the new products and the registrations with public incentives on low overall emissions.

The demand from private clients have begun a slow recovery (+18.1%) falling under 63,9% of the total thanks to replacement demand, promotional campaigns and to lower interest rates, while the rental sector had the lion's share on the market in 2015, recording more than 48,000 new registrations compared with 2014 (+18.2%) and reaching 19.8% of the total market share, thanks to EXPO event. The volumes linked to VAT registered consumers showed a slight increase after the continuous falls in the previous years, but they did not go over 18.8% of the total private market share.

The share of the business cars in Italy is lower than in the other 4 major European markets, as a result of different tax policies applied in those countries. However, the "super amortization" introduced from 15th October 2015 to all 2016 year seems to bring a slight benefit to the company vehicles.

Crossover vehicles dominated the market in 2015 and 2014 and reached almost 16.9% of the total market share. If we add this result to the traditional off-road vehicles, we can state that little more than 1/4 of the consumers were attracted by

vehicles in this segment. We record a slight fall in the sales of sedan, representing slightly more than 55% of the consumers' choices.

2015 recorded a further reduction in average CO2 emissions (g/km), which were 115.1 as against 117.8 in 2014, thanks also to the attention paid by consumers to the weight of cars, following what EU regulations require.

The first quarter of 2016 marked a +8.2% at European level, a +20.87 on the Italian market and a +6.9% on the Spanish market. Such recoveries were confirmed in March 2016 with +6.6 (EU), +17.48 (IT) and Spanish market stationary -0.6% (SP).

In 2015 the market of light commercial vehicles in Europe (EU28) showed an increase by 12.4% over 2014, +13.2% in Italy and +36.4% in Spain.

In March the LCV market recorded a month of growth with +8.0%. In the first quarter 2016 total growth was +12.1%. On the major markets we recorded +27.9% in Italy, +10.6% in Spain but in the month of March '16 negative signal of -0.6%.

The Mahindra Europe share in Italy in the Pick-up market was 3.6% in 2015 increasing over 0.8% compared with 2014.

XUV500 represented 0.02% of the market share in 2015, also in 2014 and in the first quarter of 2016.

### **Competitors' performance**

The automobile industry is highly competitive, especially in the sector of the distribution of cars, light commercial vehicles and spare parts. The Company competes in Europe with other groups having international relevance in the distribution of cars, light commercial vehicles and in the supply of the relevant components. All these markets are highly competitive in terms of product quality, innovation, price, fuel efficiency, reliability and safety, customer service and financial services offered.

In the last years competition has significantly increased – especially in terms of price – in the sector where the Company operates. Furthermore, partly because of the recent decrease in the demand for vehicles, the global productive capacity of the automobile industry is largely greater than the current demand. This productive overcapacity, combined with high competition and weak market conditions of the major world economies, could increase pressure on the price of vehicles.

In the automobile business, trends in demand are cyclical and change according to the general conditions of economy, propensity to consume of final customers, the availability of financing and the possible presence of public incentives. Furthermore, this sector is also subject to a continuing renewal of the offer by means of frequent launches of new models on the market. A negative trend of the demand for vehicles, or in case of a Mahindra Group's slow reaction to effectively follow market evolutions, could negatively affect the Company's business perspectives, its economic results and its financial situation.

The Mahindra brand continues to perform its activities in the European countries where it is present. In the LCV it intensively

promoted pick-up vehicles (Goa and Genio), especially with public bodies, and in the end of 2015 it launched the distribution of its new line Quanto. As for Mahindra XUV 500, after the launched in 2014 the distribution of its economic version W6, during 2015 refresh version of XUV500 was launched; it was promoted with a very competitive launch price and in the versions suited for trucks N1, which attracted the business sector. Such initiatives resulted into positive sales results.

The Company expects a significant increase in the quantity and scope of technical rules and regulations on emissions and road safety, such as Euro 6 regulations in force since September 1 2015, which could require considerable financial and managerial resources, in particular in the design and development phases. The higher costs incurred to ensure the products' compliance represent a problem for all car makers and will affect the final cost of cars. On the other hand, the deadlines established by the regulations cause the implementation of significant run-out measures leading to a decrease in the sale price of vehicles.

#### **Social, political and labour scenario**

All the company's employees are hired under collective bargaining agreements and/or safeguarded by the labour law rules in force which may limit the Company's possibility to reorganize quickly its activities and reduce costs to react to the changing market conditions.

In March 2015 the Company reached an agreement with Trade Unions' representatives and the Regione Lazio for an extraordinary redundancy fund involving 14 employees from March to August 2015.

The Company has good relations with Trade Unions and this enables more flexibility and adjustment to the actual needs.

#### **Business trends in our reference sectors**

The business year closed was positive, because the Company maintained and increased its market share, both in the sector of commercial vehicles and in the SUV sector, and by improving its net current assets it also improved its net financial situation.

The table below shows the value of production, gross operating margin and result before taxes for the last three financial years.

<b>Euro</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>31/03/2014</b>
Value of production	15,976,553	9,641,553	7,638,147
Gross operating margin	(36,804)	(361,112)	(1,428,124)
Result before taxes	401,956	34,528	(920,895)

<b>INR</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>31/03/2014</b>
Value of production	11,977,62	7,228,27	5,726,32
Gross operating margin	(27,59)	(270,73)	(1,070,66)
Result before taxes	301,35	25,89	(690,39)

The negative GOM is basically due to the sales incentives granted in the year to face the general drop in prices on the reference market, and to the delay in the launch of the QUANTO models.

Another important factor to take into account is that other financial income is not included in the GOM calculation, as it consists mainly in the parent company's refunds for guarantees on the European market and in costs related to the lack of quality of the products. They represent income from the operating management which could lead to a positive GOM. More details are provided in the paragraph describing relations with parent companies.

The company is not in a difficult financial situation and an agreement made with a major bank for a further line of credit of approx two millions Euro will avoid any financial concern for next year. Mahindra & Mahindra Ltd has confirmed the strategic importance of the Company by granting its financial support. For these reasons the financial statements were drafted in a going concern basis for the next financial year.

#### **Income statement**

The reclassified income statement of the company, compared to the previous year, is as follows (amounts stated in Euro):

<b>Euro</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>Change</b>
Net revenues	15,448,933	9,142,780	6,306,153
External costs	14,792,789	8,982,816	5,809,973
<b>Added value</b>	<b>656,144</b>	<b>159,964</b>	<b>496,180</b>
Cost of labour	692,948	521,076	171,872
<b>Gross operating margin</b>	<b>(36,804)</b>	<b>(361,112)</b>	<b>324,308</b>
Amortisation and depreciation, write-down and other accruals	90,008	94,934	(4,926)
<b>Operating result</b>	<b>(126,812)</b>	<b>(456,046)</b>	<b>329,234</b>
Other proceeds	527,620	498,773	28,847
Interest income (charges)	(3,106)	(15,619)	12,513
<b>Result of ordinary operations</b>	<b>397,702</b>	<b>27,108</b>	<b>370,594</b>
Net exceptional income (expenses)	4,254	7,420	(3,166)
<b>Result before taxes</b>	<b>401,956</b>	<b>34,528</b>	<b>367,428</b>
Income taxes	(153,912)	33,074	(186,986)
<b>Net profit</b>	<b>555,868</b>	<b>1,454</b>	<b>554,414</b>

<b>INR</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>Change</b>
Net revenues	11,582,07	6,854,34	4,727,72
External costs	11,090,15	6,734,42	4,355,74
<b>Added value</b>	<b>491,91</b>	<b>119,93</b>	<b>371,99</b>
Cost of labour	519,50	390,65	128,85
<b>Gross operating margin</b>	<b>(27,59)</b>	<b>(270,73)</b>	<b>243,13</b>
Amortisation and depreciation, write-down and other accruals	67,48	71,17	(3,69)
<b>Operating result</b>	<b>(95,07)</b>	<b>(341,90)</b>	<b>246,83</b>
Other proceeds	395,56	373,93	21,63

INR	31/03/2016	31/03/2015	Change
Interest income (charges)	(2,33)	(11,71)	9,38
<b>Result of ordinary operations</b>	<b>298,16</b>	<b>20,32</b>	<b>277,83</b>
Net exceptional income (expenses)	3,19	5,56	(2,37)
Result before taxes	<b>301,35</b>	<b>25,89</b>	<b>275,46</b>
Income taxes	(115,39)	24,80	(140,18)
<b>Net profit</b>	<b>416,73</b>	<b>1,09</b>	<b>415,64</b>

The result of operations, inclusive of other but operating proceeds, would amount to Euro 400,808 – INR/Laks 300.49. For a more detailed description of the company's financial position, the table below reports a number of profitability indicator ratios compared to the corresponding ratios from the financial statements of prior years.

	31/03/2016	31/03/2015	31/03/2014
Net ROE	0,39	0,00	0,01
Gross ROE	0,28	0,02	
ROI	0,04	0,01	
ROS	0,03	0,00	(0,10)

All profitability indicators are improving, despite the effect of the commercial incentives granted during the financial year.

#### Balance sheet

The reclassified balance sheet of the Company, compared to the previous year, is as follows (amounts stated in Euro):

Euro	31/03/2016	31/03/2015	Change
Net intangible assets	23,518	24,439	(921)
Net tangible assets	303,648	324,190	(20,542)
Equity investments and other financial assets	42,770	65,915	(23,145)
<b>Fixed assets</b>	<b>369,936</b>	<b>414,544</b>	<b>(44,608)</b>
Stock	2,598,837	2,288,613	310,224
Trade receivables	4,637,969	2,498,984	2,138,985
Other receivables	518,286	314,280	204,006
Accrued income and prepayments	174,840	188,787	(13,947)
<b>Current assets</b>	<b>7,929,932</b>	<b>5,290,664</b>	<b>2,639,268</b>
Trade payables	6,632,114	4,156,304	2,475,810
Tax and social security payables	187,558	46,938	140,620
Other payables	192,946	157,401	35,545
Accrued liabilities	6,684	6,566	118
<b>Current liabilities</b>	<b>7,019,302</b>	<b>4,367,209</b>	<b>2,652,093</b>
<b>Net working capital</b>	<b>910,630</b>	<b>923,455</b>	<b>(12,825)</b>
Employees' severance indemnity	102,185	97,841	4,344
Other medium and long-term liabilities	31,229	20,691	10,538

Euro	31/03/2016	31/03/2015	Change
<b>Medium to long-term liabilities</b>	<b>133,414</b>	<b>118,532</b>	<b>14,882</b>
<b>Invested capital</b>	<b>1,147,152</b>	<b>1,219,467</b>	<b>(72,315)</b>
Equity	(1,989,547)	(1,433,679)	(555,868)
Net medium/long-term financial position	462	462	
Short term financial position	841,933	213,750	628,183

	31/03/2016	31/03/2015	Change
<b>Equity and net financial debt</b>	<b>(1,147,152)</b>	<b>(1,219,467)</b>	<b>72,315</b>

INR	31/03/2016	31/03/2015	Change
Net intangible assets	17,63	18,32	(0,69)
Net tangible assets	227,64	243,05	(15,40)
Equity investments and other financial assets	32,06	49,42	(17,35)
<b>Fixed assets</b>	<b>277,34</b>	<b>310,78</b>	<b>(33,44)</b>
Stock	1,948,35	1,715,77	232,57
Trade receivables	3,477,09	1,873,49	1,603,60
Other receivables	388,56	235,62	152,94
Accrued income and prepayments	131,08	141,53	(10,46)
<b>Current assets</b>	<b>5,945,07</b>	<b>3,966,41</b>	<b>1,978,66</b>
Trade payables	4,972,10	3,115,98	1,856,11
Tax and social security payables	140,61	35,19	105,42
Other payables	144,65	118,00	26,65
Accrued liabilities	5,01	4,92	0,09
<b>Current liabilities</b>	<b>5,262,37</b>	<b>3,274,10</b>	<b>1,988,27</b>
<b>Net working capital</b>	<b>682,70</b>	<b>692,31</b>	<b>(9,61)</b>
Employees' severance indemnity	76,61	73,35	3,26
Other medium and long-term liabilities	23,41	15,51	7,90
<b>Medium to long-term liabilities</b>	<b>100,02</b>	<b>88,86</b>	<b>11,16</b>
<b>Invested capital</b>	<b>860,02</b>	<b>914,23</b>	<b>(54,21)</b>
Equity	(1,491,56)	(1,074,83)	(416,73)
Net medium/long-term financial position	462	462	
Short term financial position	631,20	160,25	470,95
<b>Equity and net financial debt</b>	<b>(860,02)</b>	<b>(914,23)</b>	<b>54,21</b>

The reclassified balance sheet shows the sound situation of the company, i.e. its ability to keep its financial balance in the medium/long term, thanks to the shareholders' policy of reinvesting the profits in the Company in previous accounting periods and to the correct mix of funding resources compared to medium and long-term expenditures. The secondary margin of about 1.7 million Euro is more than enough to cover the permanent stock or technical stock, which is necessary to support the Company's operating cycle.

For a better description of the Company's position, the table below shows a few balance sheet indicators pertaining to (i) forms of funding medium to long-term expenditures, and (ii) composition of funding sources, compared with the corresponding indicators for the previous financial years.

<b>Euro</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>31/03/2014</b>
Equity – fixed assets	1,619,149	1,018,673	1,016,271
Equity to fixed assets ratio	5,37	3,45	3,44
Equity + long-term liabilities – fixed assets	1,752,563	1,137,205	1,223,202
Equity + long-term liabilities to fixed assets ratio	5,73	3,74	3,94

<b>INR</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>31/03/2014</b>
Equity – fixed assets	1,213,88	763,70	761,90
Equity to fixed assets ratio	5,37	3,45	3,44
Equity + long-term liabilities – fixed assets	1,313,90	852,56	917,03
Equity + long-term liabilities to fixed assets ratio	5,73	3,74	3,94

#### Statement of cash flow

The net financial position as of 31/03/2016 was as follows (amounts stated in Euro):

<b>Euro</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>Change</b>
Bank accounts	846,313	394,814	451,499
Cash and other valuables in hand	1,909	4,221	(2,312)
<b>Cash and equivalents and treasury stock</b>	<b>848,222</b>	<b>399,035</b>	<b>449,187</b>

<b>Current financial assets</b>			
Payables to banks (due within 12 months)	6,289	185,285	(178,996)
Financial receivables			
<b>Current financial liabilities</b>	<b>6,289</b>	<b>185,285</b>	<b>(178,996)</b>

<b>Euro</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>Change</b>
<b>Net current financial position</b>	<b>841,933</b>	<b>213,750</b>	<b>628,183</b>
Payables to banks (due over 12 months)			
Financial receivables	(462)	(462)	
<b>Net medium to long-term financial position</b>	<b>462</b>	<b>462</b>	

<b>Net financial position</b>	<b>842,395</b>	<b>214,212</b>	<b>628,183</b>
-------------------------------	----------------	----------------	----------------

<b>INR (In Lakhs)</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>Change</b>
Bank accounts	634,48	295,99	338,49
Cash and other valuables in hand	1,43	3,16	(1,73)
<b>Cash and equivalents and treasury stock</b>	<b>635,91</b>	<b>299,16</b>	<b>336,76</b>

<b>Current financial assets</b>			
Payables to banks (due within 12 months)	4,71	138,91	(134,19)
Financial receivables			
<b>Current financial liabilities</b>	<b>4,71</b>	<b>138,91</b>	<b>(134,19)</b>

<b>Net current financial position</b>	<b>631,20</b>	<b>160,25</b>	<b>470,90</b>
Payables to banks (due over 12 months)			
Financial receivables	(0,35)	(0,35)	
<b>Net medium to long-term financial position</b>	<b>0,35</b>	<b>0,35</b>	

<b>Net financial position</b>	<b>631,54</b>	<b>160,59</b>	<b>470,90</b>
-------------------------------	---------------	---------------	---------------

The positive net financial position is due to the ordinary funding of the net working capital, in particular trade receivables reflect the positive trends in payments as discussed in this report and the capacity to repay the oldest trade receivables.

For a more detailed description of the financial position, the table below shows a few indicators and their comparison with the corresponding indicators for the previous financial years.

	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>31/03/2014</b>
Cash ratio	0,88	0,75	0,83
Acid test ratio	1,25	1,25	1,25
Debt ratio	3,58	3,24	3,57
Fixed assets coverage ratio	5,65	3,69	3,85

The cash ratio is 0.88. The financial situation of the Company is good and adequate to meet the current monthly needs of the company; it was better from the previous year.

The acid test ratio is 1.25. The value of the working capital is satisfactory compared to the amount of current debt.

The situation has not changed from the previous year.

The debt ratio is 3.58. The amount of payables is not a source of concern, since 78% of the payables are with the parent company. The amount of payables to banks is not significant compared to existing own resources, however it is necessary to finance the average time required to collect trade receivables. The Company has zeroed its payables with banks as compared to previous years.

The fixed assets coverage ratio 5.65 shows that the amount of own resources and of long-term debt is appropriate if compared to the amount of fixed assets, taking into account the company's technical stock and the financial risk related to the industrial plant held on lease. A increase over last year was recorded.

#### Environment and staff

In the light of social corporate responsibility, as referred to also in the document on directors' reports issued by the National Board of Tax Consultants and Accounting Experts, information about the environment and the personnel are provided below.

#### Personnel

There has been no fatality on the job involving any of our employees on payroll during the year, nor any serious accident on the job causing major or extremely serious injuries to any of our employees.

No job-related disease or mobbing case was reported by our employees or former employees during the year, for which the company was declared ultimately liable.

During the year our Company has made significant investments in personnel security through training courses addressed to all company employees, focused in particular on first aid, antifire and the purchase of the PPE required under the laws in force; the Company has met all the obligations required under Legislative Decree no. 81/2008 as amended and supplemented. Our Risk Assessment Report was updated on 07/07/2015.

#### Environment

No damage to the environment were caused during the accounting period, for which the company was declared ultimately liable. Our company has not been charged with fines or final punishments for offences or damage against the environment during the year.

The Company respects the environment by improving its recycle and reuse policies, especially with paper and packaging boxes, as well as its Energy saving policies. The Company is a member of a Conai (Consortio nazionale imballaggi - National Packaging Consortium), Ecotyre (Consortio per lo smaltimento dei pneumatici fuori uso - Consortium for the

disposal of used tyres), and Coou (Consortio obbligatorio degli oli usati - Compulsory Consortium for exhausted oils).

The EC Regulation no. 443/2009 of the European Parliament and Council of 23 April 2009 establishes the performance levels required to reach the target of decreasing CO<sub>2</sub> emissions of vehicles in the period 2012 - 2020. The Community Target for 2012 is 120 gr/km of CO<sub>2</sub>. However, it should be underlined that emissions are not assessed for each individual car but as an average of all the new vehicles registered by an individual car maker for that year.

On 20/12/2011, Mahindra obtained from the European Community a derogation of CO<sub>2</sub> emissions for motor vehicles (M1) under the EU Directive 443/2009 for five years starting from January 1, 2012.

To-date the two vehicles (M1) marketed by Mahindra Europe in Europe are XUV500 FWD and XUV500 AWD whose average CO<sub>2</sub> emissions are 172 gr/Km and 184 gr/Km respectively, as compared to the target emissions stated in gr/Km:

Years	2012	2013	2014	2015	2016
Mahindra	205	183	173	162	144

In the years 2012, 2013 and 2014, Mahindra average CO<sub>2</sub> emissions in Europe were as follows (in gr/km):

Years	2012	2013	2014	2015	2016
Mahindra	179	181	174.9	177.88	-

However, in April 2014 the regulation no. 333/2014 modified article 2 of the regulation no. 443/2009, exempting automobile manufactures with less than 1,000 registrations in the whole territory of Europe from the obligation to comply with emission targets.

#### Investments

Investments were made during the year in the following sectors

	(Euro)
<b>Fixed assets</b>	<b>Acquisitions for the year</b>
Software	10,430
Personal Computers	15,140
Business vehicles	23,572
Equipments	2,000
Others	3,857

	(INR)Lakhs
<b>Fixed assets</b>	<b>Acquisitions for the year</b>
Software	7,82
Personal Computers	1,35
Business vehicles	17,67
Equipments	1,50
Others	2,89

The company is planning to make investments during the year for the ordinary management of its car fleet and adjusting the warehouse offices with its own funds.

### Research & Development activities

The following information is provided pursuant to Section 2428 § 2.1 of the Italian Civil Code:

The company is not engaged in any important Research & Development activity. Such activities are carried out by the parent company Mahindra & Mahindra Ltd. During this year the parent company has launched on the market the new refresh version of XUV500 and the QUANTO model for the European countries.

### Intercompany relationships

The company has had the following intercompany relationships:

Company Euro	Trade receivables	Trade payables	Sales	Purchases
Mahindra & Mahindra Ltd	260,415	5,476,802	481,393	9,914,900
<b>Total</b>	<b>260,415</b>	<b>5,476,802</b>	<b>481,393</b>	<b>9,914,900</b>

Company INR	Trade receivables	Trade payables	Sales	Purchases
Mahindra & Mahindra Ltd	195,23	4,105,96	360,90	7,433,20
<b>Total</b>	<b>195,23</b>	<b>4,105,96</b>	<b>360,90</b>	<b>7,433,20</b>

These relationships do not include non-typical and/or unusual transactions and are on an arm's length basis, in particular those with the parent company Mahindra & Mahindra Ltd are solely of a trading nature.

Trade receivables are refunds on guarantees recognised and approved by the parent company but not yet settled, while trade payables are invoices for the purchase of vehicles and spares not yet settled.

Purchases relate entirely to vehicles and spare parts, while sales relate to refunds recognised by Mahindra & Mahindra Ltd for guarantees approved or product compliance costs.

### Treasury stock/Shares in parent companies

The company does not own directly or indirectly any treasury stock or shares in parent companies.

### Risk statement pursuant to Section 2428 § 2.6-bis of the Italian Civil Code

Pursuant to Section 2428, § 2.6-bis of the Italian Civil Code, information about the use of financial resources are reported below, to the extent affecting the evaluation of the company's equity and financial position.

Some quantitative information are supplied below in order to give indications as to the size of the company's exposure to risks.

### Exchange risk

Consistently with its risk management policies, the Company tries to face exchange fluctuations and interest rate risks by means of hedging financial instruments. In spite of

these hedging measures, sudden currency fluctuations or unexpected interest rate variations could negatively affect the company's economic performances or net financial position. In the financial year the company has not used foreign exchange transactions.

### Credit risk

The company has a good credit standing, the amount of trade payables considered of doubtful collection, about Euro 170,000, - 127,45 INR/Laks is more than covered by the provision for bad debts.

Our current maximum exposure, without considering collaterals or other elements improving credit quality, amounts to Euro 200,000, - 149,94 INR/Laks i.e. about 6% of trade receivables, and arise from longer average collection times due mostly to the liquidity crisis that is being faced by the companies in the automotive industry.

However, the company holds Euro 2 million, - 149.94 INR/Laks in bank guarantees to cover its trade receivables.

### Liquidity risk

The future performance of the company will depend, among other things, on its ability to cover the requirements arising from payables falling due and investments planned with the cash flow from operations, the cash presently available, the extension or re-financing of bank loans and perhaps the resort to other funding resources.

Even though the company has adopted measures to support its working capital and liquidity, it might be forced to make use of further borrowing, even in unfavourable market conditions, that would result in a general decrease in available resources of funding at higher costs.

The difficulties, if any, in finding such additional loans might adversely affect the prospects and business of the company as well as its financial position and performance.

As regards the policies and options by which the company plans to cope with liquidity risks, please note that:

- The company holds financial assets that are on a cash market and that can be promptly converted into cash;
- There are enough credit lines to cover cash requirements;
- The company holds deposits with credit institutions to meet its liquidity needs; There are several sources of funding;
- There are no significant concentrations of liquidity risk on both the financial assets side and on the sources of funding side.

As the company faces the liquidity risk on the basis of the expected due dates, we confirm that the forthcoming scheduled due dates for the next few months are largely covered by the cash available and the cash flow that we expect to be generated in the same term. The company is in the process to get credit lines which, as of the reference date of the financial statements, are unused because not operated.

### Market risk

The balance sheet, income statement and financial positions of the company are affected by the various factors of the macro-

economic scenario – including the increase or decrease of the GNP, the degree of consumer and enterprise trust, the trends of consumer credit interest rates, the cost of raw materials, the unemployment rate – in each of the countries where the company does business. In a generally weak economic scenario, the demand in the reference areas and markets of the company has significantly reduced compared to pre-crisis levels; the company had to handle with its own resources the drop in sales volumes and the lack of State-funded incentive schemes.

In the event that, despite the measures taken by Governments or monetary authorities or as a consequence of amendments introduced to reduce their scope of application or to remove them, the general weakness of the economy and its consequent impact on the demand for automotive products persists in the future, the activities, strategies and prospects of the Company might be adversely affected and this might in turn reflect in a worsening of the financial position and performance of the Company.

On the other hand, even if there is no recession or deterioration of the credit market, any macro-economic event - such as an increase in energy prices, fluctuations in commodities and other raw material prices, adverse fluctuations in key factors like interest and exchange rates, new government policies (including environment regulations) – capable of adversely affecting the business area where the company operates, might compromise the prospects and activities of the company as well as its financial position and performance.

Even in the present market scenario, the company expects to maintain an adequate ability to generate financial resources out of ordinary operations. The initiatives taken for a procurement compatible with the present sales volumes and stock, and the slow but inevitable recovery of European markets, are expected to reflect positively on the ability to generate cash flows from operations.

The company's policy is to maintain the available liquidity invested in bank accounts, splitting its investments among an adequate number of parties, mainly banks, with the main purpose of having promptly cashable deposits. Banks are selected on the basis of the credit market, reliability and quality of services.

#### **Environmental risks and ruling compliance risks**

The business of the company are subject to many EU environmental laws and regulations which are becoming stricter. These regulations also concern, among other things, requirements for products with polluting gas and CO2 emissions, fuel consumption and safeness, waste disposal, water and soil contamination. In order to comply with these laws and regulations, the company uses considerable resources and it is likely that heavy costs will be incurred in future in this respect.

In addition, the changes made by government in respect of tax treatments may substantially influence the level of revenues and retail prices of the company's products. The scope and duration of government measures are neither predictable, nor under the company's control.

#### **Significant events occurred after year end**

At the date of the Board of Directors' Meeting, there are no significant events, neither negative, nor positive. The company carries on its business in line with its plans.

#### **Predictable developments**

The positive data on sales are likely to be confirmed in the next accounting period. Such growth will be mainly driven by the sound recovery of the major reference markets, Italy and other EU countries, and by a careful management of resources and communication in order to make Mahindra more visible. The launch of the Euro 6 version of the Mahindra XUV 500 (in the middle of the year). The operating income is expected to remain positive, but not proportionate to the sales volumes because of the harsh competition in the sales of end-of-series-vehicles.

#### **Revaluation of company assets pursuant to Italian Law Decree no. 185/2008**

The company does not own any real property and therefore did not use the optional revaluation of corporate assets envisaged by Italian Law no. 342/2000.

#### **Allocation of profits**

We propose to the Shareholders to allocate the profits as follows:

<b>Result for the year as at 31/03/2016</b>	<b>Euro</b>	<b>555,868</b>
5% to legal reserve	Euro	27,793
to reserve not available to dividends	Euro	219,255
to extraordinary reserve	Euro	308,820
to dividends	Euro	0
<b>Result for the year as at 31/03/2016</b>	<b>INR in Lacs</b>	<b>416,73</b>
5% to legal reserve	INR	20,84
to reserve not available to dividends	INR	164,38
to extraordinary reserve	INR	231,52
to dividends		0

We thank you for your trust and we kindly invite you to approve these financial statements.

*Chairman of the Board of Directors*  
**Pravin Kumar Shah**

## AUDIT COMPANY REPORT

Dear Shareholder of the company Mahindra Europe S.r.l.

### Report on the annual financial statements

1. We have carried out the accounting audit on the financial statements of Mahindra Europe S.r.l., attached herewith and composed of the Balance Sheet at 31 March 2016, the Income Statement for the period which closed on that date and the Notes to the Accounts accompanied by the Cash Flow Statement.

#### *The Directors' Responsibility for the Financial Statements*

2. The responsibility for preparing the Financial Statements of the period in conformity with the drafting criteria bears on the Board of Directors of Mahindra Europe S.r.l.

#### *The Independent Auditors' Report*

3. The Auditor's responsibility is to give a professional opinion on the annual Financial Statements based on the audit of the accounts. We have audited the accounts in compliance with the International Accounting Standards (IAS) implemented through Article 11, paragraph 3, of Legislative Decree 39/10. These standards impose respect for ethical principles, as well as the planning and execution of the accounting audit in order to acquire reasonable certainty that the annual Financial Statements do not contain important errors.

4. The accounting audit involves the performance of a procedure aimed at acquiring evidence of the amounts and of the information contained in the Financial Statements. The chosen procedures depend on the Auditor's professional judgement, including the assessment of the risks of important errors in the Financial Statements due to fraud or to unintentional behaviour or events. In carrying out the said risk assessment, the Auditor considers the internal control relative to the preparation of the company's Financial Statements which must give a true and correct representation, in order to define auditing procedures that are suitable for the circumstances, and not to express an opinion on the effectiveness of the company's internal controls. The accounting audit also

contains the assessment of the suitability of the Accounting Standards adopted, of the reasonableness of the amounts estimated by the Directors, and an opinion on the layout and content of the Financial Statements as a whole.

5. We maintain that we have acquired sufficient and suitable evidence on which to base our opinion.

6. The opinion on the financial statements of the previous period, the data of which are presented for purposes of comparison, as required by law, can be found in the report that we issued on 22 May 2015.

### Opinion

7. In our opinion, the annual Financial Statements at 31 March 2016 comply with the provisions which discipline the criteria for the drafting of the same; they have been drawn up clearly and give a true and correct representation of the Company's equity and financial situation and economic result.

### Report on other legal and regulatory provisions

#### *Opinion on the consistency of the Management Report in respect of the annual Financial Statements*

8. We have carried out the procedures indicated in the Auditing Standard no. 720B, in order to express, as required by law, an opinion on the consistency of the Management Report, for which the Directors of Mahindra Europe S.r.l. are responsible for drafting, with the annual Financial Statements of Mahindra Europe S.r.l. at 31 March 2016. In our opinion, the Management Report is consistent with the annual Financial Statements of Mahindra Europe S.r.l. at 31 March 2016.

RB Audit Italia  
S.r.l

**Mr. Roberto Mallardo**  
*Partner*

*Rome, 23 May 2016*



## FINANCIAL STATEMENT AS ON 31/03/2016

Balance Sheet	31/3/2016		31/3/2015	
	Euro	INR/Lakhs	Euro	INR/Lakhs
<b>Assets</b>				
<b>A) Accounts receivable from shareholders in respect of unpaid share capital</b>	0	0.00	0	0.00
<b>B) Fixed assets</b>				
<b>I. Intangible assets</b>				
1) Industrial patents & intellectual property rights.....	12,062	9.04	10,215	7.66
2) Others.....	11,456	8.59	14,224	10.66
<b>Total I</b> .....	<b>23,518</b>	<b>17.63</b>	<b>24,439</b>	<b>18.32</b>
<b>II. Tangible assets</b>				
1) Plant & Machinery .....	31,608	23.70	37,464	28.09
2) Industrial & commercial equipment.....	66,736	50.03	77,586	58.17
3) Other Assets .....	205,304	153.92	209,140	156.79
<b>Total II</b> .....	<b>303,648</b>	<b>227.64</b>	<b>324,190</b>	<b>243.05</b>
<b>III. Financial assets</b>				
1) Equity investments in other companies.....	55	0.04	55	0.04
2) Receivables				
d) Other companies due beyond 12 months .....	462	0.35	462	0.35
<b>Total III</b> .....	<b>517</b>	<b>0.39</b>	<b>517</b>	<b>0.39</b>
<b>Total fixed assets</b> .....	<b>327,683</b>	<b>245.66</b>	<b>349,146</b>	<b>261.75</b>
<b>C) Current assets</b>				
<b>I. Stock</b>				
1) Finished goods .....	2,598,837	1,948.35	2,288,613	1,715.77
2) Advance .....	0	0.00	0	0.00
<b>Total I</b> .....	<b>2,598,837</b>	<b>1,948.35</b>	<b>2,288,613</b>	<b>1,715.77</b>
<b>II. Accounts receivable</b>				
1) Trade within 12 months .....	4,637,969	3,477.09	2,498,984	1,873.49
2) Parent Company within 12 months.....	260,415	195.23	218,926	164.13
4-bis) Tax receivables within 12 months .....	4,816	3.61	34,275	25.70
4-ter) Deferred Tax assets within 12 months .....	224,821	168.55	5,566	4.17
5) Others				
due within 12 months .....	33,050	24.78	81,604	61.18
due beyond 12 months .....	39,769	29.81	39,769	29.81
<b>Total II</b> .....	<b>5,200,840</b>	<b>3,899</b>	<b>2,879,124</b>	<b>2,158</b>
<b>III. Financial assets other than fixed assets</b>				
<b>IV. Liquid assets</b>				
1) Bank & Post office deposit.....	846,313	634.48	394,814	295.99
2) Bank cheque.....	0	0.00	35	0.03
3) Cash on hand .....	1,909	1.43	4,186	3.14
<b>Total IV</b> .....	<b>848,222</b>	<b>635.91</b>	<b>399,035</b>	<b>299.16</b>
<b>Total current assets</b> .....	<b>8,647,899</b>	<b>6,483.33</b>	<b>5,566,772</b>	<b>4,173.41</b>
<b>D) Accrued income and prepaid expenses</b>				
<b>Total accrued income and prepaid expenses</b> .....	<b>174,840</b>	<b>131.08</b>	<b>188,787</b>	<b>141.53</b>
<b>Total assets</b> .....	<b>9,150,422</b>	<b>6,860.07</b>	<b>6,104,705</b>	<b>4,576.70</b>

	31/3/2016		31/3/2015	
	Euro	INR/Lakhs	Euro	INR/Lakhs
<b>Liabilities</b>				
<b>A) Shareholders' equity</b>				
I. Share capital .....	1,421,151	1,065.44	1,421,151	1,065.44
II. Share premium reserve .....				
III. Revaluation reserve.....				
IV. Legal reserve.....	12,528	9.39	11,074	8.30
V. Reserve for Treasury shares.....				
VI. Reserves provided for by the articles on association .....				
VII. Other reserves.....				
Extraordinary reserve .....	0	0.00	0	0.00
Advance for share capital.....			0	
Rounding off reserve .....	1		0	
Reserve for social initiatives .....		0.00		0.00
VIII. Retained earnings (loss) carry forwards .....	0	0.00	0	0.00
IX. Profit (loss) for the year .....	555,868	416.73	1,454	1.09
<b>Total shareholders' equity.....</b>	<b>1,989,548</b>	<b>1,491.56</b>	<b>1,433,679</b>	<b>1,074.83</b>
<b>B) Provisions for liabilities and charges</b>				
I. Retirement benefits & similar obligations .....				
II. Taxes, including deferred.....				
III. Other.....	31,229	23.41	20,691	15.51
<b>Total provision for liabilities &amp; charges .....</b>	<b>31,229</b>	<b>23.41</b>	<b>20,691</b>	<b>15.51</b>
<b>C) Employees' leaving indemnity</b>				
<b>Total employees' leaving indemnity.....</b>	<b>102,185</b>	<b>76.61</b>	<b>97,841</b>	<b>73.35</b>
<b>D) Debt and Payables</b>				
1) Banks within 12 months .....	6,289	4.71	185,285	138.91
2) Trade within 12 months .....	1,155,312	866.14	691,145	518.15
3) Parent Company within 12 months.....	5,476,802	4,105.96	3,465,159	2,597.83
4) Tax payables within 12 months.....	166,037	124.48	29,498	22.11
5) Social security within 12 months.....	23,390	17.54	17,440	13.07
6) Other within 12 months .....	192,946	144.65	157,401	118.00
<b>Total Debt &amp; payables.....</b>	<b>7,020,776</b>	<b>5,263.48</b>	<b>4,545,928</b>	<b>3,408.08</b>
<b>E) Accrued liabilities and deferred income</b>				
<b>Total accrued liabilities and deferred income .....</b>	<b>6,684</b>	<b>5.01</b>	<b>6,566</b>	<b>4.92</b>
<b>Total shareholders' equity and liabilities.....</b>	<b>9,150,422</b>	<b>6,860.07</b>	<b>6,104,705</b>	<b>4,576.70</b>

## PROFIT AND LOSS ACCOUNT

	31/3/2016		31/3/2015	
	Euro	INR/Lakhs	Euro	INR/Lakhs
<b>A) Revenues</b>				
1) From sales and services.....	15,448,933	11,582.07	9,142,780	6,854.34
2) Changes in stocks of work in process, semi-finished and finished products				
3) Work in progress on order				
4) Capitalised internal work in progress				
5) Other revenues and income				
a) Other revenues and income.....	527,620	395.56	498,773	373.93
b) Contribution on trading account				
<b>Total revenues</b> .....	<b>15,976,553</b>	<b>11,977.62</b>	<b>9,641,553</b>	<b>7,228.27</b>
<b>B) Expenses</b>				
6) Raw materials, subsidiary materials, consumables and goods.....	(12,419,711)	(9,311.06)	(7,291,902)	(5,466.74)
7) Services .....	(2,442,951)	(1,831.48)	(1,663,032)	(1,246.78)
8) Rent/lease.....	(115,475)	(86.57)	(132,666)	(99.46)
9) Personnel costs.....				
a) salaries and wages.....	(484,679)	(363.36)	(340,093)	(254.97)
b) social contributions.....	(173,558)	(130.12)	(112,123)	(84.06)
c) employees' leaving indemnity.....	(34,123)	(25.58)	(33,247)	(24.93)
d) accruals for pension and similar costs.....			0	
e) other costs .....	(588)	(0.44)	(35,613)	(26.70)
<b>Total 9)</b> .....	<b>(692,948)</b>	<b>(519.50)</b>	<b>(521,076)</b>	<b>(390.65)</b>
10) Depreciation and value adjustments				
a) depreciation of intangible assets .....	(11,350)	(8.51)	(12,273)	(9.20)
b) depreciation of tangible assets .....	(78,658)	(58.97)	(82,661)	(61.97)
c) other value adjustments .....				
d) write down of accounts receivable recorded among current assets and liquid assets.....	(43,800)	(32.84)	(45,670)	(34.24)
<b>Total 10)</b> .....	<b>(133,808)</b>	<b>(100.32)</b>	<b>(140,604)</b>	<b>(105.41)</b>
11) Changes in raw materials, subsidiary materials, consumables and goods.....	310,224	232.57	202,019	151.45
12) Accruals to provisions for liabilities and charges	0	0.00	0	0.00
13) Other accruals.....	(21,296)	(15.97)		
14) Other operating costs .....	(59,781)	(44.82)	(51,565)	(38.66)
<b>Total expenses</b> .....	<b>(15,575,746)</b>	<b>(11,677.14)</b>	<b>(9,598,826)</b>	<b>(7,196.24)</b>
<b>Difference between revenues and expenses(A-B)</b> .....	<b>400,807</b>	<b>300.49</b>	<b>42,727</b>	<b>32.03</b>
<b>C) Financial income and expense</b>				
15) Income from shareholdings:				
– in controlled undertakings				
– in affiliated undertakings				
– other income .....		0.00		0.00
<b>Total 15)</b> .....	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
16) Other financial income:				
a) from accounts receivable recorded among fixed assets				
a1) controlled undertakings				
a2) from affiliated undertakings				
a3) from controlling companies				
a4) other financial income				
b) from securities recorded among fixed assets				

**PROFIT AND LOSS ACCOUNT (CONT.)**

	31/3/2016		31/3/2015	
	Euro	INR/Lakhs	Euro	INR/Lakhs
c) from securities recorded among current assets				
d) other income:				
d1) from controlled undertakings				
d2) from affiliated undertakings				
d3) from controlling companies				
d4) other income.....	71	0.05	77	0.06
<b>Total d)</b> .....	<b>71</b>	<b>0.05</b>	<b>77</b>	<b>0.06</b>
<b>Total 16)</b> .....	<b>71</b>	<b>0.05</b>	<b>77</b>	<b>0.06</b>
17) Interest and other financial costs:				
a) from controlled undertakings				
b) from affiliated undertakings				
c) from controlling companies				
d) others financial costs.....	(3,177)	(2.38)	(14,433)	(10.82)
<b>Total 17)</b> .....	<b>(3,177)</b>	<b>(2.38)</b>	<b>(14,433)</b>	<b>(10.82)</b>
17-bis) Current and deferred exchange gains and losses.....	0	0.00	(1,263)	(0.95)
<b>Total financial income and expense</b> .....	<b>(3,106)</b>	<b>(2.33)</b>	<b>(15,619)</b>	<b>(11.71)</b>
<b>D) Value adjustments of financial assets</b>				
18) Write-ups:				
a) of shareholdings				
b) of financial fixed assets				
c) of securities recorded among current assets				
19) Write downs:				
a) of shareholdings				
b) of financial fixed assets.....		0.00		0.00
c) of securities recorded among current assets.....				
<b>Total value adjustments to financial assets</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>E) Extraordinary income and costs</b>				
20) Income:				
- capital gains on disposals of assets				
- other extraordinary income.....	8,010	6.01	9,341	7.00
<b>Total 20)</b> .....	<b>8,010</b>	<b>6.01</b>	<b>9,341</b>	<b>7.00</b>
21) Expenses:				
- losses on disposals of assets.....	0	0.00	0	0.00
- taxes of previous years	0	0.00	0	0.00
- other extraordinary costs.....	(3,755)	(2.82)	(1,921)	(1.44)
<b>Total 21)</b> .....	<b>(3,755)</b>	<b>(2.82)</b>	<b>(1,921)</b>	<b>(1.44)</b>
<b>Total extraordinary income and costs</b> .....	<b>4,255</b>	<b>3.19</b>	<b>7,420</b>	<b>5.56</b>
<b>Result before taxes (A-B±C±D±E)</b> .....	<b>401,956</b>	<b>301.35</b>	<b>34,528</b>	<b>25.89</b>
22) Taxes on the income for the year				
a) Current business year taxes.....	(65,343)	(48.99)	(28,762)	(21.56)
b) Deferred tax liabilities and (assets).....	219,255	164.38	(4,312)	(3.23)
<b>23) Profit (loss) of the year</b> .....	<b>555,868</b>	<b>416.73</b>	<b>1,454</b>	<b>1.09</b>

"EURO amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 74.97 = Euro 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31 March 2016".

A lakh is a unit in the Indian numbering system equal to one hundred thousand (100.000).

This Financial Statement is in agreement with results of accountant records.

For The Board of Directors:

**Pravin Shah**

Chairman

Mumbai, 12<sup>th</sup> May 2016

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31/03/2016

Values expressed in Euro

### Introduction

Dear Quotaholder,

These Financial Statements, submitted for your examination and approval, show a business year profit of Euro 555,868 – INR/Laks 416,73, after current tax without deferred tax asset amounting to Euro 65,343 – INR/Laks 48,99 and after the allocation of amortizations, depreciations and impairments amounting to 133,808 Euro – 100,32 INR/Laks.

### Performed activities

Your company carries out its activities in the sector of the distribution of motor vehicles and spare parts, as official importer of Mahindra vehicles on the main European markets, including Italy and Spain and the main countries of Western and Eastern Europe.

### Being part of a Group

Your company belongs to the Mahindra Group and is subject to the management and the coordination of MAHINDRA & MAHINDRA Ltd pursuant to article 2497-bis of the Italian Civil Code. It is controlled by Mahindra Overseas Investment Company (Mauritius) Limited, which is totally controlled by Mahindra & Mahindra Ltd.

The Company does not own shares of parent companies, neither directly nor through third parties or trust companies.

The table below shows essential data from the last financial statements approved by Mahindra & Mahindra Ltd. Values are expressed in million INR/LAKS. Please note that Mahindra & Mahindra Ltd prepares yearly consolidated Financial Statements.

Description	Last Financial Statements as at 31/03/2015	Previous Financial Statements as at 31/03/2014
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
C) Current and Fixed Assets	4,869,180	2,726,950
<b>Total Assets</b>	<b>4,869,180</b>	<b>2,726,950</b>
<b>LIABILITIES:</b>		
Share capital	2,845,861	2,033,080
D) Payables	2,023,319	693,870
<b>Total liabilities</b>	<b>4,869,180</b>	<b>2,726,950</b>
<b>INCOME STATEMENT</b>		
A) Value of production	5,881,519	4,991,700
B) Cost of production	(5,390,666)	(4,536,640)
<b>Profit (loss) for the year</b>	<b>490,853</b>	<b>455,060</b>

Description	Last Financial Statements as at 31/03/2015	Previous Financial Statements as at 31/03/2014
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
C) Current and Fixed Assets	3650,42	2044,39
<b>Total Assets</b>	<b>3650,42</b>	<b>2044,39</b>
<b>LIABILITIES:</b>		
Share capital	2133,54	1524,20
D) Payables	1516,88	520,19
<b>Total liabilities</b>	<b>3650,42</b>	<b>2044,39</b>
<b>INCOME STATEMENT</b>		
A) Value of production	4409,37	3742,28
B) Cost of production	(4041,38)	(3401,12)
<b>Profit (loss) for the year</b>	<b>367,99</b>	<b>341,16</b>

The exchange rate Rupee/Euro was 67.66 as at 31/03/2015 and 82.59 as at 31/03/2014.

### Significant events occurred in the business year

The Company obtained from the Ministry of Transport the necessary approval extensions with the corresponding exemptions for its whole range of vehicles, in line with the applicable legal requirements.

The Company obtained by the European Commission the exemptions and the annual exoneration from CO2 requirements for all Mahindra vehicles sold in Europe in the accounting period under examination.

The Company continues its operations in Spain with the direct sales of vehicles through 14 dealers coordinated by a local sales manager. 126 vehicles have been registered on the Spanish market so far.

From mid-March 2015 up to mid-August 2015 the extraordinary unemployment benefit scheme was in force, resulting into a reduction of working hours by approximately 20% of the available working hours.

The company requested and obtained the renewal of the credit lines with Intesa Sanpaolo. They are used to finance vehicles and spare parts import, as well as short term financial needs.

Such credit lines are regulated by standard market conditions and grant the Company appropriate financial means to manage its activities.

In the business year, the number of Directors was increase by one member.

### Basis of preparation

These Financial Statements comply with Article 2423 and following of the Italian Civil Code, as shown in these Notes to the Accounts, which are drawn up pursuant to Article 2427 of the Italian Civil Code and are an integral part of the Financial Statements according to Article 2423 of the Italian Civil Code.

Accounting figures are expressed in INR/Laks and the amounts are rounded off. Any rounding difference is listed under the item "Reserve from round-offs in INR/Laks" in the Net Equity and "Round-offs from INR/Laks" under the item "Extraordinary income and charges" in the Income statement.

Pursuant to art. 2423, par. 5 of the Italian Civil Code, values are expressed in INR/Laks in the Notes to the Accounts.

### Reporting criteria

(Ref. art. 2427, par. 1, no. 1 of the Italian Civil Code and accounting principle OIC [Official Italian Accounting Board] 12.

The accounting principles and evaluation criteria adopted for drawing up the Financial Statements as at 31/03/2016 are in line with those used to draw up the Financial Statements of the previous year.

Individual items were evaluated according to prudence and matching principles on a going concern basis and taking into account the economic function of the asset or liability under consideration.

By applying the prudence principle, every element characterizing single posts or entries among assets or liabilities was assessed individually and losses to be recognized were not settled against non-recognizable profits.

In compliance with the matching principle, the effect of operations and other events was registered in the year which such operations and events refer to and not in the year in which receipts and payments are made.

Applying the same assessment criteria every year is important for the comparability of the company data over the years.

By taking into account the economic function of the asset or liability considered for the evaluation and thus taking into account substance over form that it is compulsory where not explicitly in conflict with other specific norms on accounting operations are represented in their economic reality underlying formal aspects.

### Exemptions

(Ref. art. 2423, par. 4 of the Italian Civil Code)

There were not exceptional circumstances requiring the use of exemptions under art. 2423, par. 4 of the Italian Civil Code.

In particular, the assessment criteria adopted for the financial statements are described below.

## Fixed assets

### Intangible fixed assets

They are reported at historical purchase cost, net of depreciations over the years.

The costs relating to plant and machinery, research, development and advertising whose effects regard several different years are depreciated over a period of 5 business years, while the costs for the approval of vehicles are amortized over a period of 3 business years.

Software licenses were recorded in the assets and are amortized over a period of 2 business years.

Improvements to third party assets are amortized with rates depending upon the duration of the contract.

### Tangible assets

They are entered at purchase cost and adjusted in the corresponding depreciation funds.

The values in the Financial Statements are expressed taking into account the ancillary costs and the costs incurred using the asset, applying relevant trading and cash discounts.

The depreciation rates entered in the Income Statement have been calculated taking into account the use, the purpose and the economic/technical life of the goods, according to the residual possibility of use. We think that the following rates are appropriate, they were not modified from last year and reduced by half if compared to the first year of use:

### PLANT AND MACHINERY

• Specific plants	15%
• Generic plants	10%
• Alarm systems	30%
• Telephone systems	20%

### INDUSTRIAL AND COMMERCIAL EQUIPMENT

• Miscellaneous equipment	15%
• Presses	15%

### OTHER GOODS

• Electronic machines	20%
• Motor vehicles	20%
• Office furniture and machinery	12%
• Cars	25%
• Fixed equipment	10%

Should durable losses in value arise, regardless of depreciations applied in the accounts, the fixed asset is depreciated accordingly. If the conditions for depreciation are no longer in place in the following years, the original value is restored, adjusted by depreciations only.

### Financial leasing transactions

The equity method has been used to enter financial leasing transactions in the Financial Statements the fees paid are included in the Income Statement on an accrual basis. The relevant section of the Notes to the Accounts contains the complementary information required by law in relation to the representation of financial leasing contracts according to the financial method.

As for financial leasing transactions resulting from lease back operations, gains are recorded in the Income Statement applying the matching principle through deferred income and gradual attribution to revenues in the Income Statement, based on the duration of the financial leasing contract.

### Receivables

Receivables are recognized at their estimated realizable value. The adjustment of the nominal value of receivables to the assumed realizable value is obtained through a reserve for bad debts, taking into consideration the general and industrial economic conditions and country risk.

Receivables originally claimable by the end of the year and subsequently transformed into long-term receivables were entered in the Balance Sheet under financial fixed assets.

Receivables were removed from the Financial Statement when contract rights on financial flows resulting from receivables are annulled or if all risks relating to receivables to be cancelled are transferred.

## Payables

Payables are recognized at nominal value, modified in case of returned goods or invoicing changes.

## Accrued income and prepayments

Prepayments and accrued income are determined on an accrual basis over the year.

The conditions determining the original entry of multi-annual prepayments and accrued income were verified and the required variations were made, where necessary.

## Inventory

Raw and auxiliary materials and finished products are entered at purchase or manufacturing cost, whichever is lower, and at the realisation value based on market performance, applying the average weighted cost for spare and accessory parts and the specific cost for automobiles.

The value so obtained is then adjusted with the "Inventory obsolescence provision" in order to take into account the goods for which a realizable value inferior to the cost is expected.

As for the previously depreciated stock, if the conditions causing the reduction of the realizable value no longer exist, the original cost has been restored.

## Shareholding

Other shareholdings are recorded at purchase or subscription cost.

The shareholdings recorded under fixed assets represent a durable and strategic investment for the company.

The shareholdings recorded at purchase cost have not been depreciated as they have not undergone any durable losses in value.

## Provisions for liabilities and other charges

Provisions for liabilities and charges are allocated to hedge acknowledged or possible losses or payables, whose amount and date cannot not be determined at the end of the business year.

In assessing these provisions, the general criteria of prudence and the accrual basis method were adopted and no general provisions without an economic justification were created.

Potential liabilities were recorded in the Financial Statements and included in the provisions as they were deemed probable and the amount of the relevant cost could be reliably estimated.

## Post-employment benefit

This item represents the actual liability for the post-employment benefit (TFR) accrued at year end in favour of employees, calculated in compliance with the applicable law and labour agreements and taking into account all forms of remuneration on a continuous basis.

The provision corresponds to the sum of individual indemnities accrued in favour of employees at the closing date, net of advance payments made, and to the amount to be paid to employees in the case of termination of employment relations on such date.

## Income taxes

Income taxes are recognized on an accrual basis. They reflect:

- Provisions for taxes already paid or to be paid during the year, calculated in accordance with applicable rates and laws;
- The amount of deferred taxes or taxes paid in advance relating to temporary differences arising or cancelled during the year.

## Revenues

Revenues resulting from the sale of products are recognized at the date of the transfer of ownership, which is usually identified with the delivery or dispatch of the goods. The company sells cars with retention of title under Article 1523 of the Italian Civil Code.

Financial revenues and revenues from services are recognised on an accrual basis.

Revenues and costs relating to transactions in foreign currency are recognized at the exchange rate at the date of the transaction.

Revenues and charges on repurchase transactions, including the difference between forward price and spot price, are entered for the period.

#### Adjustment criteria

No adjustments were made to the reporting criteria adopted.

#### Guarantees, pledges, third party assets and risks

The Company has not given any real or personal guarantee for third parties' payables.

They are charged in the memorandum accounts at their nominal value, as derived from related documentary evidences.

The Company does not own third party's goods in its premises, with the exception of the real estate leasing.

The risks for which liabilities are only possible are described in the notes, without any provision being made for risks according to the reference accounting standards.

The risks for which liabilities are only possible are described in the notes, without any provision being made for risks according to the reference accounting standards. Remote risks were not considered.

#### Staff

(Ref. art. 2427, par. 1, no. 15 of the Italian Civil Code)

The company staff, divided by category, underwent the following changes as compared to the previous year.

	31/03/2016	31/03/2015	Difference
Employees	15	14	1
	15	14	

The applied national labour agreement is the one applied to trade.

Industrial relations are good and there are no litigations with employees still working or dismissed.

1 General Manager was hired during the financial year.

#### Assets

##### A) Subscribed capital, unpaid

All quotas are subscribed and fully paid.

##### B) Fixed assets

##### I. Intangible fixed assets

	Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference	
23,518	24,439	(921)	

	INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference	
17,63	18,32	0,69	

##### Total breakdown of Intangible Fixed Assets

	Euro €				
Description of costs	Value at 31/03/2015	Increases for the year	Depreciation for the year	Decreases for the year	Value at 31/03/2016
Industrial patent rights	10,215	10,430	8,582	(1)	12,062
Other	14,224		2,768		11,456
Rounding			(1)	1	
	24,439	10,430	11,351		23,518
	INR/Lakhs				
Description of costs	Value at 31/03/2015	Increases for the year	Depreciation for the year	Decreases for the year	Value at 31/03/2016
Industrial patent rights	7,66	7,82	8,51	-	9,04
Other	10,66	-	2,08	-	8,59
Rounding					
	18,32	7,82	10,59	-	17,63

Increases refer to the purchase of the management software licenses.

No intangible fixed assets were subject to previous revaluations or devaluations.

#### II. Tangible fixed assets

	Euro €	
Balance at 31/03/2016	Balance at 31/03/2015	Difference
303,648	324,190	(20,542)

	INR/Lakhs	
Balance at 31/03/2016	Balance at 31/03/2015	Difference
227,64	243,05	(15,40)

##### Plant and machinery

	Euro €	
Description	Amount	
Historical cost	87,544	
Previous years' depreciations	(50,080)	
<b>Balance at 31/03/2015</b>	<b>37,464</b>	
Acquisitions for the year		
Transfers for the year	(199)	
Depreciations for the year	(5,657)	
<b>Balance at 31/03/2016</b>	<b>31,608</b>	

	INR/Lakhs	
Description	Amount	
Historical cost	65,63	
Previous years' depreciations	37,54	
<b>Balance at 31/03/2015</b>	<b>28,09</b>	
Acquisitions for the year		
Transfers for the year	0,15	
Depreciations for the year	4,24	
<b>Balance at 31/03/2016</b>	<b>23,70</b>	

##### Fixtures and fittings, tools and equipment

	Euro €	
Description	Amount	
Historical cost	156,511	
Previous years' depreciations	(78,925)	
<b>Balance at 31/03/2015</b>	<b>77,586</b>	
Acquisitions for the year	2,000	
Depreciations for the year	(12,850)	
<b>Balance at 31/03/2016</b>	<b>66,736</b>	

	INR/Lakhs	
Description	Amount	
Historical cost	117,34	
Previous years' depreciations	59,17	
<b>Balance at 31/03/2015</b>	<b>58,17</b>	
Acquisitions for the year	1,50	
Depreciations for the year	9,63	
<b>Balance at 31/03/2016</b>	<b>50,03</b>	

**Other assets**

Description	Euro € Amount
Historical cost	414,792
Previous years' depreciations	(205,652)
<b>Balance at 31/03/2015</b>	<b>209,140</b>
Acquisitions for the year	42,568
Transfers for the year	199
Other	13,547
Depreciations for the year	(60,150)
<b>Balance at 31/03/2016</b>	<b>205,304</b>

Description	INR/Lakhs Amount
Historical cost	310,97
Previous years' depreciations	154,18
<b>Balance at 31/03/2015</b>	<b>156,79</b>
Acquisitions for the year	31,91
Transfers for the year	0,15
Other	10,16
Depreciations for the year	45,09
<b>Balance at 31/03/2016</b>	<b>153,92</b>

Increases and decreases refer to company cars and personal computers used by the company.

**III. Financial fixed assets**

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>517</b>	517	-

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>0,39</b>	0,39	-

The balance as at 31/03/2016 includes shareholdings in other companies (INR/Laks 0,04) e caution deposits (INR/Laks 0,35); details are given below:

**Shareholdings**

Description	31/03/2015	Increase	Decrease	31/03/2016
Other Companies	0,04			0,04
	<b>0,04</b>			<b>0,04</b>

Detailed information concerning shareholdings directly or indirectly held in subsidiaries, related companies and other enterprises is given below:

**Other companies**

Name	Foreign Country or City	Share capital	Net equity	Profits/ Loss	% held	Book value	Reserves of earnings/ capital subject to return or obligations or untaxed	Fair Value
CONAI	ITALY					0,0001		
ECOTYRE	ITALY					0,04		

The shareholdings entered under fixed assets represent a company long term strategic investment and are shown at purchase cost.

The shareholdings recorded at purchase cost have not been written down for impairment loss; no impairment loss was reversed.

No destination of shareholding under fixed assets was changed.

No restrictions are put by any investing company on shareholdings recorded under fixed assets, nor pre-emptive or preferential rights exist thereupon.

No significant transaction was carried out with companies belonging to Conai and Ecotyre Groups.

**Receivables**

Description	31/03/2015	Increase	Decrease	31/03/2016	Relating to repurchase transactions
Other	462			462	
	<b>462</b>			<b>462</b>	

Description	31/03/2015	Increase	Decrease	31/03/2016	Relating to repurchase transactions
Other	0,35			0,35	
	<b>0,35</b>			<b>0,35</b>	

In the item Other accounts receivables, trade receivables were entered amounting to INR/Laks 0,35, they refer to caution deposits from Italian suppliers, whose details are given below:

Receivables	From subsidiaries	From associates	From parent companies	From others	Total
Caution deposit Enel				332	332
Caution deposit Acea				104	104
Caution deposit Gas				26	26
<b>Total</b>				<b>462</b>	<b>462</b>

Receivables	From subsidiaries	From associates	From parent companies	From others	Total
Caution deposit Enel				0,25	0,25
Caution deposit Acea				0,08	0,08
Caution deposit Gas				0,02	0,02
<b>Total</b>				<b>0,35</b>	<b>0,35</b>

The financial statements do not include financial fixed assets whose amount is higher than their fair value.

**C) Current assets**

**I. Inventories**

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>2,598,837</b>	2,288,613	310,224

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>1948,35</b>	1715,77	232,57

The assessment criteria adopted are the same as the previous year and they are described in the first part of these Notes to the Accounts.

The adopted assessment does not significantly differ from the one using the current cost approach.



The value of inventories is composed of:

Description	Euro €	
	Amount at 31/03/2016	Amount at 31/03/2015
Vehicles in stock	838,266	417,549
Vehicles in transit	471,890	954,900
Spare parts and accessories	1,177,552	863,708
Equipment and advertising	111,129	52,456
<b>Total</b>	<b>2,598,837</b>	<b>2,288,613</b>

Description	INR/Lakhs	
	Amount at 31/03/2016	Amount at 31/03/2015
Vehicles in stock	628,45	313,04
Vehicles in transit	353,78	715,89
Spare parts and accessories	882,81	647,52
Equipment and advertising	83,31	39,33
<b>Total</b>	<b>1948,35</b>	<b>1715,78</b>

The increase in Vehicles in stock is due to a working capital increase.

Stock vehicles refer to the cars stored in the warehouse at the Riccia headquarters and at the custodian companies in Spain and Livorno, Italy.

The Company has not used its stock obsolescence provision, which was amounting to INR/Laks 0 at 31/03/2016.

## II. Receivables

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>5,198,970</b>	2,879,124	2,319,846

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>3.897,67</b>	2.158,48	1.739,19

The balance is broken down by expiry dates as follows:

Description	Euro €			
	Within 12 months	Beyond 12 months	Beyond 5 years	Total
From clients	4,637,969			4,637,969
From parent companies	260,415			260,415
Tax receivables		2,946		2,946
Taxes paid in advance	224,821			224,821
From others	33,050	39,769		72,819
	<b>5,156,255</b>	<b>42,715</b>		<b>5,198,970</b>

Description	INR/Lakhs			
	Within 12 months	Beyond 12 months	Beyond 5 years	Total
From clients	3,477,09			3,477,09
From parent companies	195,23			195,23
Tax receivables		2,21		2,21
Taxes paid in advance	168,55			168,55
From others	24,78	29,81		54,59
	<b>3.865,64</b>	<b>32,02</b>		<b>3.897,67</b>

There are neither receivables with a duration of more than five years, nor receivables of a significant amount, nor receivables that involve repurchase with a fixed deadline.

Accounts receivables as at 31/03/2016 amount to Euro 4,898,384 – INR/Laks 3.672,32 and include the following:

Description	Euro €
Account receivables	4,803,827
From parent companies	260,415
Provision for bad debts	(165,858)
	<b>4,898,384</b>

Description	INR/Lakhs
Account receivables	3.601,43
From parent companies	195,23
Provision for bad debts	124,34
	<b>3.672,32</b>

The nominal value of receivables was adjusted to reflect the estimated realizable value by means of a Provision for bad debts which underwent the following changes during the year:

Description	Euro €
Balance at 31/03/2015	121,597
Use during the year	(461)
Provision of the year	43,800
<b>Balance at 31/03/2016</b>	<b>165,858</b>

Description	INR/Lakhs
Balance at 31/03/2015	91,16
Use during the year	0,35
Provision of the year	32,84
<b>Balance at 31/03/2016</b>	<b>124,34</b>

The Provision for bad debts is within the limits set forth in Article 2426 of the Italian Civil Code and shows a difference amounting to Euro 18,472 – INR/Laks 13,85 as against Article 106 par. 2 of Presidential Decree no. 917/1986.

Receivables from parent companies amount to Euro 260,415 – INR/Laks 195,23 and reflect the costs for repairs and services rendered on behalf or to the benefit of the parent company, as well as the costs for advertising campaigns.

IRAP tax refund due reflects the receivables relating to the request for reimbursement concerning the labour cost which could be deducted from income tax under Law Decree no. 16/2012.

Deferred tax asset (pre-paid taxes) amounting to Euro 224,821 – INR/Laks 168,55 concern deductible temporary differences and are described in the last part of these Notes.

The company included the taxes paid in advance concerning fiscal losses (IRES) for the year under examination and previous years.

Account receivables as at 31/03/2016 amount to Euro 33,050 – INR/Laks 24,78 and include the following:

Description	Euro €
Receivables from employees	4,297
Receivables from INAIL	7,157
Receivables from INPS	–
Receivables from insurances	14,335
Receivables from tax authorities for reduced VAT contributions	4,312
Account receivables	2,949
<b>Total</b>	<b>33,050</b>

Description	INR/Lakhs Amount
Receivables from insurance companies	–
Receivables from employees	3,22
Receivables from INAIL	5,37
Receivables from INPS	–
Receivables from insurances	10,75
Receivables from tax authorities for reduced VAT contributions	3,23
Account receivables	2,21
	<b>24,78</b>

The breakdown of receivables as at 31/03/2016 by geographical area is shown in the table below:

Euro €						
Receivables by geographical area	Account receivables	From tax	From deferred tax asset	From parent companies	From others	Total
Italy	3,645,570	2,946	224,821		72,819	3,946,156
India				260,415		260,415
Spain	642,660					642,660
Macedonia	25,047					25,047
Hungary	149,416					149,416
Serbia	29,539					29,539
France	15,242					15,242
Austria	3,360					3,360
Greece	10,559					10,559
Slovakchia	116,576					116,576
<b>Total</b>	<b>4,637,969</b>	<b>2,946</b>	<b>224,821</b>	<b>260,415</b>	<b>72,819</b>	<b>5,198,970</b>

INR/Lakhs						
Receivables by geographical area	Account receivables	From tax	From deferred tax asset	From parent companies	From others	Total
Italy	2,733,08	2,21	168,55		54,59	2,958,43
India				195,23		195,23
Spain	481,80					481,80
Macedonia	18,78					18,78
Hungary	112,02					112,02
Serbia	22,15					22,15
France	11,43					11,43
Austria	2,52					2,52
Greece	7,92					7,92
Slovakchia	87,40					87,40
<b>Total</b>	<b>3,477,09</b>	<b>2,21</b>	<b>168,55</b>	<b>195,23</b>	<b>54,59</b>	<b>3,897,67</b>

III. Financial assets: None.

IV. Cash and cash equivalents

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>848,222</b>	399,035	449,187

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>635,91</b>	299,16	336,76

Euro €		
Description	31/03/2016	31/03/2015
Bank and post office accounts	846,313	394,814
Cheques		35
Cash and other valuables in hand	1,909	4,186
	<b>848,222</b>	<b>399,035</b>

Description	31/03/2016	INR/Lakhs 31/03/2015
Bank and post office accounts	634,48	295,99
Cheques		0,03
Cash and other valuables in hand	1,43	3,14
	<b>635,91</b>	<b>299,16</b>

The balance reflects the cash available on hand and the existence of cash and cash equivalent at year-end.

D) Prepayments and accrued income

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>174,840</b>	188,787	(13,947)

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>131,08</b>	141,53	10,46

Prepayments and accrued income include income and charges whose accrual is anticipated or delayed compared to the actual date of payment and/or of the document; they are not linked to the date of payment or collection of income and charges which can be attributed to different financial years and can be broken down by time.

The criteria used for the assessment and translation of values expressed in foreign currency are reported in the first part of these Notes.

Multi-year accruals having a duration of more than 5 years refer to the leasing contract rate and amount to Euro 158,037 – INR/Laks 118,48 – as at 31/03/2016.

This item is detailed below:

Description	Euro € Amount
Insurance and road tax	9,031
Maxi Rate	158,037
Other expenses	7,772
	<b>174,840</b>

Description	INR/Lakhs Amount
Insurance and road tax	6,77
Maxi Rate	118,48
Office equipment rental	5,83
	<b>131,08</b>

The maxi fee paid amounts to Euro 254,745 – INR/Laks 190,98 – and concerns the financial leasing contract for the industrial building which was executed in 2009. This contract is described in the last part of these Notes.

Liabilities

A) Shareholder's Equity

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>1,989,547</b>	1,433,679	555,868

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>1,491,56</b>	1,074,83	416,73

Euro €				
Description	31/03/2015	Increases	Decreases	31/03/2016
Share capital	1,421,151			1,421,151
Legal reserve	11,074	1,454		12,528
Contributions to cover previous year's losses	0			0
Profit (loss) of previous year	0			0

Description	Euro €		
	31/03/2015	Increases	Decreases
Rounding difference	0		0
<b>Profits (losses) brought forward</b>	0		0
<b>Net profit (loss) for the year</b>	1,454	554,414	555,868
<b>Total</b>	<b>1,433,679</b>	<b>555,868</b>	<b>1,989,547</b>

Description	INR/Lakhs		
	31/03/2015	Increases	Decreases
Share capital	1,065,44		1,065,44
Legal reserve	8,30	1,09	9,39
Contributions to cover previous year's losses	0		0
Profit (loss) of previous year	0		0
Rounding difference	0		0
<b>Profits (losses) brought forward</b>	0		0
<b>Net profit (loss) for the year</b>	1,09	415,64	416,73
<b>Total</b>	<b>1,074,83</b>	<b>416,73</b>	<b>1,491,56</b>

Changes in net equity are detailed below:

Description	Euro €				
	Share capital	Legal reserve	Other reserves	Result for the year	Total
At the beginning of the year closed on 31/03/12	1,000,000	30,422	500,616	23,843	1,554,881
Destination of the profit for the year – dividends attribution				(23,843)	
– other destinations		1,192	22,651		
Profit (loss) of the year closed on 31/03/12				(552,527)	(552,527)
<b>As at the closing date on 31/03/12</b>	<b>1,000,000</b>	<b>31,614</b>	<b>523,267</b>	<b>(552,527)</b>	<b>1,002,354</b>
Destination of the profit for the year – increase in 2012 share capital	1,000,000				1,000,000
– other destinations				(649,334)	(649,334)
<b>As at the closing date on 31/03/12</b>	<b>2,000,000</b>	<b>31,614</b>	<b>523,267</b>	<b>(1,201,861)</b>	<b>1,353,020</b>
Destination of the profit for the year – coverage of previous losses		(31,614)	(520,913)	552,527	
– other destinations				(1)	
Result for the year ended on 31/12/13				(931,870)	(931,870)
<b>As at the closing date on 31/12/13</b>	<b>2,000,000</b>	<b>0</b>	<b>2,355</b>	<b>(1,581,204)</b>	<b>421,151</b>
Destination of the profit for the year – increase in 2014 share capital	1,000,000				1,000,000
– loss coverage	(1,578,849)		(2,355)	1,581,204	0
– other destinations			931,870	2	931,872
Result for the year ended on 31/03/14				(920,798)	(920,798)
<b>As at the closing date of year 2014</b>	<b>1,421,151</b>	<b>0</b>	<b>931,870</b>	<b>(920,796)</b>	<b>1,432,225</b>
Destination of the profit for the year		11,072			11,072

Description	Euro €			
	Share capital	Legal reserve	Other reserves	Result for the year
– coverage of previous losses			(931,870)	920,796
– other destinations		2		
Result for the year ended on 31/03/15				1,454
<b>As at the closing date of previous year</b>	<b>1,421,151</b>	<b>11,074</b>	<b>0</b>	<b>1,454</b>
Destination of the profit for the year – coverage of previous losses		1,454		(1,454)
– other destinations				
Result for the year ended on 31/03/15				555,868
<b>As at the closing date of current year</b>	<b>1,421,151</b>	<b>12,528</b>	<b>0</b>	<b>555,868</b>

Description	INR/Lakhs				
	Share capital	Legal reserve	Other reserves	Result for the year	Total
At the beginning of the year closed on 31/03/12	749,70	22,81	375,31	17,88	1,165,69
Destination of the profit for the year – dividends attribution				17,88	
– other destinations		0,89	16,98		
Profit (loss) of the year closed on 31/03/12				414,23	414,23
<b>As at the closing date on 31/03/12</b>	<b>749,70</b>	<b>23,70</b>	<b>392,29</b>	<b>414,23</b>	<b>751,46</b>
Destination of the profit for the year – increase in 2012 share capital	749,70				749,70
– other destinations				(486,81)	(486,81)
<b>As at the closing date on 31/03/12</b>	<b>1,499,40</b>	<b>23,70</b>	<b>392,29</b>	<b>901,64</b>	<b>1,014,36</b>
Destination of the profit for the year – coverage of previous losses		23,70	390,53	414,23	
– other destinations				(0,0001)	
Result for the year ended on 31/12/13				(698,62)	(698,62)
<b>As at the closing date on 31/12/13</b>	<b>1,499,40</b>	<b>0</b>	<b>1,77</b>	<b>(1,185,43)</b>	<b>315,74</b>
Destination of the profit for the year – increase in 2014 share capital	749,70				749,70
– loss coverage	(1,183,66)		(1,77)	1,185,43	0
– other destinations			698,62	0,0001	698,62
Result for the year ended on 31/03/14				(690,32)	(690,32)
<b>As at the closing date of previous year</b>	<b>1,065,44</b>	<b>8,30</b>	<b>0</b>	<b>1,09</b>	<b>1,074,83</b>
Destination of the profit for the year – coverage of previous losses		1,09		(1,09)	
– other destinations					

	Share capital	Legal reserve	Other reserves	Result for the year	INR/Lakhs Total
Result for the year ended on 31/03/'15				416,73	416,73
<b>As at the closing date of current year</b>	<b>1.065,44</b>	<b>9,39</b>	<b>0</b>	<b>416,73</b>	<b>1.491,56</b>

The share capital amounts to Euro 1.421.151 – INR/Laks 1.065,44 and is made up of quotas with a nominal value of 1 Euro, held by and fully available to the sole shareholder as no burdens exist on them. At year-end the shares subscribed are paid in as the total amount of the share capital was fully paid-up.

The posts of net equity are provided in the following table on the basis of their origin, their possible uses and the extent to which they may be distributed.

Nature/Description	Amount	Possibility of use (*)	Available portion	Used in the 3 prev. years To cover losses	Used in the 3 prev. years For other reasons
Share capital	1,421,151	B	1,421,151		
Legal reserve	12,528	A, B	12,528		

(\*) A: for capital increase; B: for loss cover; C: for distribution to shareholders

Nature/Description	Amount	Possibility of use (*)	Available portion	Used in the 3 prev. years To cover losses	Used in the 3 prev. years For other reasons
Share capital	1.065,44		1.065,44		
Legal reserve	9,39		9,39		

In compliance with the accounting standard no. 28, the Company keeps reserves to cover losses amounting to INR/Laks 9,39

**B) Funds for risks and contingencies**

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>31,229</b>	20,691	10,538

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>23,41</b>	15,51	7,90

Description	31/03/2015	Increases	Decreases	Euro € 31/03/2016
Others	20,691	10,538		31,229
	<b>20,691</b>	<b>10,538</b>		<b>31,229</b>

Description	31/03/2015	Increases	Decreases	INR/Lakhs 31/03/2016
Others	15,51	7,90		23,41
	<b>15,51</b>	<b>7,90</b>		<b>23,41</b>

The item 'Other funds' as at 31/03/2016 amounts to INR/Laks 23,41 and includes the following:

Description	Euro € As at 31/03/16
Fund for guarantees	27,222
Fund for tax assessment	4,007
	<b>31,229</b>

Description	INR/Lakhs As at 31/03/16
Fund for guarantees	20,41
Fund for tax assessment	3,00
	<b>23,41</b>

The other provisions were made to the Guarantee fund, because it has been considered not adequate to cover contract discrepancies between what has been acknowledged by the Company and what has been received by the Parent company.

At the drawing up date of these financial statements, the company decided not to provide any further amount to the fund for tax assessment since the available amount is deemed adequate to cover the Agenzia delle Entrate's [Italian Revenue Office] notice of assessment dated 31/05/2011 which adjusts and liquidates more taxes on real estate amounting to Euro 11,521 – INR/Laks 8,64. The Company appealed the Commissione Tributaria Regionale [Tax Commission of the Region of Lazio] on that claim and paid a part of such tax amounting to Euro 7,532 – INR/Laks 5,65.

**C) Post-employment benefit**

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>102,185</b>	97,841	4,344

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>76,61</b>	73,35	3,26

The difference is broken down as follows:

Difference	31/03/2015	Increases	Decreases	Euro € 31/03/2016
Post-employment benefit, changes in the period	97,841	5,843	1,499	<b>102,185</b>

Difference	31/03/2015	Increases	Decreases	INR/Lakhs 31/03/2016
Post-employment benefit, changes in the period	73,35	4,38	1,12	<b>76,61</b>

The amount provided reflects the actual payables of the company as at 31/03/2016 to the employees working on said date, net of the advance payments made and of payments overdue before 31/03/2016.

In the year after 31/03/2016 employees are not expected to receive a post-employment benefit because of "encouraged resignations" and company restructuring measures.

**D) Payables**

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>7,018,907</b>	4,545,928	2,472,979

Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>5.262,07</b>	3.408,08	1.853,99

Payables are entered at nominal value. Their due dates are detailed below:

Description	Due within 12 months	Due after 12 months	Due after 5 years	Total	Euro € Relating to repurchase transactions with a fixed deadline
Payables to banks	6,289			6,289	
Trade payables	1,155,312			1,155,312	

Description	Euro €			Total	Euro € Relating to repurchase transactions with a fixed deadline
	Due within 12 months	Due after 12 months	Due after 5 years		
Payables to parent companies	5,476,802			5,476,802	
Tax payables	164,168			164,168	
Payables to Social security agencies	23,390			23,390	
Other payables	192,946			192,946	
	<b>7,018,907</b>			<b>7,018,907</b>	

Description	INR/Lakhs			Total	INR/Lakhs Relating to repurchase transactions with a fixed deadline
	Due within 12 months	Due after 12 months	Due after 5 years		
Payables to banks	4,71			4,71	
Trade payables	866,14			866,14	
Payables to parent companies	4.105,96			4.105,96	
Tax payables	123,08			123,08	
Payables to Social security agencies	17,54			17,54	
Other payables	144,65			144,65	
	<b>5.262,07</b>			<b>5.262,07</b>	

Payables to banks as at 31/03/2016, amounting to 6.289 INR/Laks 4,71 and including payables due to bank credit cards.

“Payables to suppliers” are entered net of trade discounts; cash discounts are recorded upon payment. The nominal value of these payables has been adjusted in case of returns or allowances (invoice adjustments) by the corresponding amount agreed with the other party.

As for payables to parent companies, they refer to vehicles’ and spare parts’ supplies under normal market conditions.

The item “Tax payables” only includes liabilities for acknowledged taxes.

It includes payables to the state for the withholding taxes paid amounting to Euro 28,669 – INR/Laks 21,49 (IRES) and amounting to Euro 12,192 – INR/Laks 9,14 (IRAP).

As for payables due to direct taxes, detailed information is given below.

Description	Euro €		
	Payables	Advance payment	Balance
IRES	31,093	2,424	28,669
IRAP	36,119	23,927	12,192
	<b>67,212</b>	<b>26,351</b>	<b>40,861</b>

Description	INR/Lakhs		
	Payables	Advance payment	Balance
IRES	23,31	1,82	21,49
IRAP	27,08	17,94	9,14
	<b>50,39</b>	<b>19,76</b>	<b>30,63</b>

There were no significant changes in the amounts of the item “Tax payables”.

Payables to social security agencies as at 31/03/2016 are broken down as follows:

Description	Euro € Amount
INPS contributions	12,814
INAIL	5,825
Manager contributions	4,751
	<b>23,390</b>

Description	INR/Lakhs Amount
INPS contributions	9,61
INAIL	4,37
	<b>17,54</b>

Other payables as at 31/03/2016 are broken down as follows:

Description	Euro € Amount
Employees’ salaries	129,710
Payables to Insurance Companies	10,762
Payables for additional social security	8,130
TARES 2013	19,561
Other payables	24,783
	<b>192,946</b>

Description	INR/Lakhs Amount
Employees’ salaries	97,24
Payables to Insurance Companies	8,07
Payables for additional social security	6,10
TARES 2013	14,66
Other payables	18,58
	<b>144,65</b>

The breakdown of Payables as at 31/03/2016 by geographical area is shown in the table below.

Payables by geographical area	Account payables	Euro €				Total
		To banks	Tax	To parent companies	To others	
Italy	985,940	6,289	164,168		216,336	1,372,733
India				5,476,802		5,476,802
Spain	124,865					124,865
Serbia	7,832					7,832
U.K.	5,720					5,720
Austria	6,440					6,440
Slovakia	4,994					4,994
Hungary	1,823					1,823
Greece	9,852					9,852
Macedonia	5,088					5,088
Croatia	1,264					1,264
Others	1,494					1,494
<b>Total</b>	<b>1,155,312</b>	<b>6,289</b>	<b>164,168</b>	<b>5,476,802</b>	<b>216,336</b>	<b>7,018,907</b>

Payables by geographical area	Account payables	INR/Lakhs					Total
		To subsidiaries	To associates	To parent companies	To others		
Italy	739,16	4,71	123,08		162,19	1.029,14	
India				4.105,96		4.105,96	
Spain	93,61					93,61	
Serbia	5,87					5,87	
U.K.	4,29					4,29	

Payables by geographical area	Account payables	To subsidiaries	To associates	To parent companies	INR/Lakhs	
					To others	Total
Austria	4,83					4,83
Slovakia	3,74					3,74
Hungary	1,37					1,37
Greece	7,39					7,39
Macedonia	3,81					3,81
Others	1,12					1,12
<b>Total</b>	<b>866,14</b>	<b>4,71</b>	<b>123,08</b>	<b>4.105,96</b>	<b>162,19</b>	<b>5.262,07</b>

Payables are not covered by any security guarantee on corporate assets.

**E) Accrued expenses and deferred income**

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>6,684</b>	6,566	118

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>5,01</b>	4,92	0,09

They are adjusting entries calculated on an accrual basis.

The criteria adopted to assess and translate the amounts expressed in foreign currency are described in the first part of these Notes.

There are no accrued expenses and accrued income as at 31/03/2016 having a duration of more than 5 years.

This item is detailed below.

Description	Euro € Amount
IMU	3,882
TARES	2,802
	<b>6,684</b>

Description	INR/Lakhs Amount
IMU	2,91
TARES	2,10
	<b>5,01</b>

Euro 3,882 – INR/Laks 2,91 is the IMU tax instalment relating to the first quarter of 2016 (January-March).

TARES Tax 2014 amounts to Euro 2,802 – INR/Laks 2,10 and represents the instalment relating to the first quarter of 2016 (January-March).

**Memorandum accounts**

Euro €			
Description	31/03/2016	31/03/2015	Difference
Third party assets held in the company	2,171,468	2,308,411	(136,943)
Other Memorandum accounts		550,000	(550,000)
	<b>2,171,468</b>	<b>2,858,411</b>	<b>(686,943)</b>

INR/Lakhs			
Description	31/03/2016	31/03/2015	Difference
Third party assets held in the company	1.627,95	1.730,62	(102,67)
Other Memorandum accounts		412,34	(412,34)
	<b>1.627,95</b>	<b>2.142,95</b>	<b>(515,00)</b>

The amount of Euro 2,308,411 – INR/Laks 1.730,62 refers to financial leasing fees which are becoming due.

Other memorandum accounts decrease amounting to Euro 550,000 – INR/Laks 412,34 were the credit lines obtained by the company as at 31/03/2015 by Intesa Sanpaolo bank and expired during the year.

**Income statement**

**A) Value of production**

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>15,976,553</b>	9,641,553	6,335,000

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>11.977,62</b>	7.228,27	4.749,35

Euro €			
Description	31/03/2016	31/03/2015	Difference
Revenues for sales and services	15,448,933	9,142,780	6,306,153
Other revenues and income	527,620	498,773	28,847
	<b>15,976,553</b>	<b>9,641,553</b>	<b>6,335,000</b>

INR/Lakhs			
Description	31/03/2016	31/03/2015	Difference
Revenues for sales and services	11.582,07	6.854,34	4.727,72
Other revenues and income	395,56	373,93	21,63
	<b>11.977,62</b>	<b>7.228,27</b>	<b>4.749,35</b>

The change in the values is strictly linked to what has been described in the Directors' Report.

Revenues for sales and services are detailed as follows:

**Revenues by activity category**

Euro €			
Category	31/03/2016	31/03/2015	Difference
Sales of goods	13,951,000	7,910,190	6,040,810
Sales of products	1,137,438	886,136	251,302
Sales of accessories	81,019	96,291	(15,272)
Services rendered	279,476	656,371	(376,895)
Other		92,565	(92,665)
	<b>15,448,933</b>	<b>9,641,553</b>	<b>5,807,380</b>

INR/Lakhs			
Category	31/03/2016	31/03/2015	Difference
Sales of goods	10.459,06	5.930,27	4.528,80
Sales of products	852,74	664,34	188,40
Sales of accessories	60,74	72,19	(11,45)
Services rendered	209,52	492,08	(282,56)
Other		69,40	(69,40)
	<b>11.582,07</b>	<b>7.228,27</b>	<b>4.353,79</b>

**Revenues by geographical area**

Euro €			
Area	Sales	Services	Total
Italy	11,664,192		11,664,192
Spain	2,824,171		2,824,171
Greece	85,563		85,563
Slovakia	461,692		461,692
Bosnia	142,783		142,783
Macedonia	103,160		103,160
France	37,881		37,881
Serbia	14,973		14,973
Austria	19,201		19,201
Croatia	93,556		93,556
Other	1,761		1,761
	<b>15,448,933</b>		<b>15,448,933</b>

Area			INR/Lakhs
	Sales	Services	Total
Italy	8.744,64		8.744,64
Spain	2.117,28		2.117,28
Greece	64,15		64,15
Slovakia	346,13		346,13
Bosnia	107,04		107,04
Macedonia	77,34		77,34
France	28,40		28,40
Serbia	11,23		11,23
Austria	14,39		4,39
Other	1,32		1,32
	<b>11.582,11</b>		<b>11.582,11</b>

Services rendered refer to reimbursements for guarantees issued on the European market and for trade incentives or marketing expenses.

#### B) Costs of production

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>15,575,745</b>	9,598,826	5,976,919

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>11.677,14</b>	7.196,24	4.480,90

Description	Euro €		
	31/03/2016	31/03/2015	Difference
Raw materials, supplies, consumables and merchandise	12,419,711	7,291,902	5,127,809
Services	2,442,951	1,663,032	779,919
Cost of rents and leases	115,475	132,666	(17,191)
Salaries and wages	484,679	340,093	144,586
Social security and welfare contributions	173,558	112,123	61,435
Severance pay	34,123	33,247	876
Other personnel costs	588	35,613	(35,025)
Amortization of intangible fixed assets	11,350	12,273	(923)
Depreciation of tangible fixed assets	78,658	82,661	(4,003)
Write-off of receivables	43,800	45,670	(1,870)
Change in inventory of raw materials	(310,224)	(202,019)	(108,205)
Other operating expenses	59,780	51,565	8,215
Provisions for warranties	21,296	-	21,296
	<b>15,575,745</b>	<b>9,598,826</b>	<b>5,976,919</b>

Description	INR/Lakhs		
	31/03/2016	31/03/2015	Difference
Raw materials, supplies, consumables and merchandise	9,311,06	5,466,74	3,844,32
Services	1,831,48	1,246,78	584,71
Cost of rents and leases	86,57	99,46	(12,89)
Salaries and wages	363,36	254,97	108,40
Social security and welfare contributions	130,12	84,06	46,06
Severance pay	25,58	24,93	0,66
Other personnel costs	0,44	26,70	(26,26)
Amortization of intangible fixed assets	8,51	9,20	(0,69)
Depreciation of tangible fixed assets	58,97	61,97	(3,00)
Write-off of receivables	32,84	34,24	(1,40)

Description	INR/Lakhs		
	31/03/2016	31/03/2015	Difference
Change in inventory of raw materials	(232,57)	(151,45)	(81,12)
Other operating expenses	44,82	38,66	6,16
Provisions for warranties	15,97	0	15,97
	<b>11.677,14</b>	<b>7.196,24</b>	<b>4.480,90</b>

#### Raw materials, supplies, consumables and merchandise and Services

They are strictly linked to what the Directors' Report describes and to the evolution of item A (Value of production) of the Income statement.

The reduction of the cost of rents and leases is due to redemptions in the current accounting period relating to a fleet leasing contract.

#### Personnel costs

Personnel costs include all costs relating to the personnel, i.e. category changes, merit salary increases, automatic cost-of-living increases, costs of holidays not taken, allowances and collective contracts.

#### Depreciation of tangible fixed assets

Depreciations were calculated on the basis of the lifecycle of the item and its use in the production phase.

#### Write-off of credits included in current assets and cash and cash equivalents

The write-off of trade receivables refers to those credits which are not likely to be recovered.

#### Other operating expenses

They refer to taxes other than income tax, subscriptions and other charges.

#### C) Financial income and expenses

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>(3,106)</b>	(15,619)	(12,513)

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>(2,33)</b>	(11,71)	(9,38)

#### Financial income

Description	Euro €		
	31/03/2016	31/03/2015	Difference
Income other than above	71	77	6
(Interest and other financial charges)	(3,177)	(14,433)	(11,256)
Exchange gain (loss)		(1,263)	(1,263)
	<b>(3,106)</b>	<b>(15,619)</b>	<b>12,513</b>

Description	INR/Lakhs		
	31/03/2016	31/03/2015	Difference
Income other than above	0,05	0,05	0,0001
(Interest and other financial charges)	(2,38)	(10,82)	(8,44)
Exchange gain (loss)	-	(0,95)	(0,95)
	<b>(2,33)</b>	<b>(11,71)</b>	<b>9,38</b>

#### Investment income

The item is not included in these Financial Statements.

#### Other financial income

Description	Euro €				
	Parent companies	Subsidiaries	Associates	Others	Total
Bank and post office interests				71	71
				<b>71</b>	<b>71</b>

Description	Parent				INR/Lakhs	
	companies	Subsidiaries	Associates	Others	Total	
Bank and post office interests				0,05	0,05	
				<b>0,05</b>	<b>0,05</b>	

**Interest and other financial expenses**

Description	Parent				Euro €	
	companies	Subsidiaries	Associates	Others	Total	
Bank interest					71	
Bank expenses					(3,177)	
					<b>(3,106)</b>	

Description	Parent				INR/Lakhs	
	companies	Subsidiaries	Associates	Others	Total	
Bank interest					0,05	
Bank expenses					(2,38)	
					<b>(2,33)</b>	

Interest and other financial charges refer to expenses and interest on the company account as at 31/03/2016. The decrease in interest payables is due to a higher use of working payables and to an increase in the net working capital during the year.

**Exchange gain (loss)**

Nothing.

**E) Extraordinary income and charges**

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>4,254</b>	7,420	(3,166)

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>3,19</b>	5,56	(2,37)

Description	Parent		INR/Lakhs	
	31/03/2016	Previous year	31/03/2016	31/03/2015
Tax accrued w/off	<b>7,308</b>			
IRAP refund	<b>681</b>	IRAP refund		1,820
others	<b>21</b>			
Refund of previous years' expenses		Refund of previous years' expenses		7,521
Miscellaneous		Miscellaneous		
<b>Total income</b>	<b>8,010</b>	<b>Total income</b>		9,341
Tax accrued w/off	<b>(2,799)</b>	Extraordinary charges		(1,921)
Extraordinary charges	<b>(955)</b>			
others	<b>(2)</b>			
<b>Total charges</b>	<b>(3,756)</b>	<b>Total charges</b>		(1,921)
	<b>4,254</b>			7,420

Description	Parent		INR/Lakhs	
	31/03/2016	Previous year	31/03/2016	31/03/2015
Tax accrued w/off	<b>5,48</b>	Extraordinary income		
IRAP refund	<b>0,51</b>	IRAP refund		1,36
Others	<b>0,02</b>	Adjustments to advance payments for previous year's taxes		
Refund of previous years' expenses		Refund of previous years' expenses		5,64
Miscellaneous		Miscellaneous		
<b>Total income</b>	<b>6,01</b>	<b>Total income</b>		7,00

Description	Parent		INR/Lakhs	
	31/03/2016	Previous year	31/03/2016	31/03/2015
Extraordinary charges	<b>(0,72)</b>	Extraordinary charges		(1,44)
	<b>(2,10)</b>	Adjustments of previous years' costs		
Others	<b>(0,00)</b>	Deduction on 2012 conciliation		
<b>Total charges</b>	<b>(2,82)</b>	<b>Total charges</b>		(1,44)
	<b>3,19</b>			<b>74,97</b>

Extraordinary income and charges also includes the effects of the write-off of provisions and value adjustments made by the company in previous years without any justification.

**Income tax for the year**

Euro €		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>(153,912)</b>	33,074	(186,986)

INR/Lakhs		
Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>(115,39)</b>	24,80	(140,18)

Taxes	Euro €		
	Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>Current taxes:</b>	<b>65,343</b>	28,762	36,581
IRES	<b>29,224</b>	7,634	21,590
IRAP	<b>36,119</b>	21,128	14,991
<b>Deferred (anticipated) taxes</b>	<b>(219,255)</b>	4,312	(223,567)
IRES	<b>(218,773)</b>	3,669	(222,442)
IRAP	<b>(482)</b>	643	(1,125)
	<b>(153,912)</b>	<b>33,074</b>	<b>(186,986)</b>

Taxes	INR/Lakhs		
	Balance at 31/03/2016	Balance at 31/03/2015	Difference
<b>Current taxes:</b>	<b>48,99</b>	21,56	27,42
IRES	<b>21,91</b>	5,72	16,19
IRAP	<b>27,08</b>	15,84	11,24
<b>Deferred (anticipated) taxes</b>	<b>(164,38)</b>	3,23	(167,61)
IRES	<b>(164,01)</b>	2,75	(166,76)
IRAP	<b>(0,36)</b>	0,48	(0,84)
	<b>(115,39)</b>	<b>24,80</b>	<b>(140,18)</b>

Taxes due in the year were included.

The reconciliation between tax charges in the financial statements and theoretical tax charges is detailed below:

**Reconciliation between the tax charge in the financial statements and the theoretical tax charge (IRES)**

Description	Euro €	
	Value	Taxes
Result before taxes	401,956	
Theoretical tax burden (%)	24	96,469
<b>Temporary differences subject to taxes in the next years:</b>		
<b>Temporary differences which can be deducted in the next years:</b>		
Non deductible share of credit write-off	39,768	
Business expenses	2,947	
	<b>42,715</b>	



Description	Euro €	
	Value	Taxes
<b>Reversal of temporary differences from previous years</b>		
Use of provision	(43,223)	
IMU 20%	(3,106)	
maxi amortisation/deferred tax assets	(10,209)	
	<b>(56,538)</b>	
<b>Differences that will not be carried forward to next years</b>		
Leasing on land	31,821	
IMU and TIA	15,528	
Non deductible maintenance	8,308	
Other non deductible costs	87,552	
Taxable income	<b>531,342</b>	
Losses from previous years up to 80%		
Current taxes on income for the year		29,224

Description	INR/Lakhs	
	Value	Taxes
Result before taxes	301,35	
Theoretical tax burden (%)	0,02	72,32

**Temporary differences subject to taxes in the next years:**

**Temporary differences which can be deducted in the next years:**

Non deductible share of credit write-off	29,81	
Business expenses	2,21	
	<b>32,02</b>	

**Reversal of temporary differences from previous years**

Use of provision for bad debts	(32,40)	
IMU and TIA	(2,33)	
Other (IRAP refund+additional fund deduction+repres.)	(7,65)	
	<b>(42,39)</b>	

**Differences that will not be carried forward to next years**

Leasing on land	23,86	
IMU and TIA	11,64	
Non deductible maintenance	6,23	
Other non deductible costs	65,64	
Taxable income	<b>398,35</b>	
Losses from previous years up to 80%		
Current taxes on income for the year		21,91

**Calculation of IRAP taxable income**

Description	Euro €	
	Value	Taxes
Difference between value and cost of production	1,158,852	
Non relevant costs for IRAP purposes	144,866	
Deductions for employees	(554,356)	
Use of funds		
Non relevant revenues for IRAP purposes		
	<b>749,362</b>	
Theoretical tax burden (%)	4.82	36,119

Description	Euro €	
	Value	Taxes
<b>Temporary difference, deductible in next years:</b>		
Irap taxable income	749,362	
Current IRAP tax for the year		36,119

Description	INR/Lakhs	
	Value	Taxes
Difference between value and cost of production	868,79	
Non relevant costs for IRAP purposes	108,61	
Deductions for employees	(415,60)	
Use of funds		
Non relevant revenues for IRAP purposes		
	<b>561,80</b>	
Theoretical tax burden (%)	4.82	27,08

**Temporary difference, deductible in next years:**

Irap taxable income	561,80	
Current IRAP tax for the year		27,08

Pursuant to article 2427, par. 1 no. 14 of the Italian Civil Code the required information on deferred and pre-paid taxes is provided below:

**Deferred/pre-paid taxes**

Pre-paid taxes paid concerning the guarantees fund were recorded as it is deemed likely that the Company will have a taxable income not lower than the differences that will be written off in the future.

The main temporary differences which led to enter deferred and pre-paid taxes in the accounts and their effects are detailed in the table below.

**Deferred and pre-paid taxes and relevant effects:**

	Euro €			
	Business Year 31/03/2016		Business Year 31/03/2015	
	Temporary differences	Tax effect	Temporary differences	Tax effect
<b>Pre-paid taxes:</b>				
Guarantee fund	27,223	7,846	17,223	5,566
Business losses	931,287	223,509		
Total	958,510	231,355	17,223	5,566
<b>Deferred taxes:</b>		(231,355)		
Business losses	931,287			
Total	931,287			
	24		27,5	
<b>Net deferred (pre-paid) taxes</b>	931,287			

	INR/Lakhs			
	Business Year 31/03/2016		Business Year 31/03/2015	
	Temporary differences	Tax effect	Temporary differences	Tax effect
<b>Pre-paid taxes:</b>				
Guarantee fund	20,41	5,88	12,91	4,17
Business losses	698,19	167,56		
Total	718,59	173,45	12,91	4,17
<b>Deferred taxes:</b>		(173,45)		
Total	698,19			
<b>Net deferred (pre-paid) taxes</b>	698,19			

As described in the paragraph on tax receivables for taxes paid in advance, Deferred tax asset (pre-paid taxes) were recorded if resulting from tax losses for the current and previous years, as there is reasonable certainty that in the next years the company will gain sufficient taxable income to fully absorb such losses.

**Financial leasing transactions**

The company has 1 financial leasing contract for which the following information is disclosed pursuant to Article 2427, first par., no. 22, of the Italian Civil Code:

- Leasing contract no. 00928065/001 dated 09/06/2009;
- Leasing contract duration: 216 months;
- The property is used as an industrial building;
- Price of the item: Euro 1,698,300 – INR/Laks 1.273,22;
- Down payment on lease contract on 11/06/2009: Euro 254.745 – INR/Laks 190,98;
- Current value of lease contract instalments still to be paid: Euro 1,906,871 INR/Laks 1.429,58+VAT;
- Actual financial charge of the leasing contract accrued in the year: Euro 131.850,44 – INR/Laks 98,85;
- Value of the property at year end considered as a fixed asset: Euro 1,545,453 – INR/Laks 1.158,63;
- Virtual depreciation for the period: Euro 50,949 – INR/Laks 38,20;
- Value adjustments and recoveries for the year: Euro 0 – INR/Laks 0;
- Actual tax rate: 4.20

In compliance with the instructions given by the OIC 12 the following table shows the effects that would have been produced on Net Equity and on Income statement if leasing transactions were calculated with the financial method as compared with the equity method whereby the fees paid are entered in the Income statement.

ASSETS	Euro €
<b>A) Existing Contracts</b>	
a1) Value of leased assets at the end of prior year:	
Gross value	1,392,606
Depreciation fund	305,694
Adjustments	
Value recoveries	0
Total	1,086,912
a2) assets purchased in the year	
a3) assets redeemed in the year	
a4) depreciation rates for the year	50,949
a5) adjustments	(158,373)
a6) assets writeback	0
a7) Value of leased assets at year-end:	
Gross value	1,183,284
Depreciation fund	356,643
Adjustments	0
Value recoveries	0
Total	1,183,284
a8) write-off prepaid expenses on leasing transactions	
<b>B) Redeemed assets</b>	
b1) difference between the value of redeemed assets determined according to the financial method and their net book value at year-end	
<b>C) LIABILITIES</b>	
c1) implicit liabilities at the end of previous year:	
Becoming due in the following year	61,755
Becoming due after 1 to 5 years	274,611
Becoming due after more than 5 years	793,180
Total	1,129,546
c2) implicit liabilities arisen in the year	
c3) reductions for reimbursement of capital	61,754
c4) reductions for redemptions in the year	
<b>c5) implicit liabilities at year-end:</b>	
Becoming due in the following year	64,399
Becoming due after 1 to 5 years	286,366
Becoming due after more than 5 years	717,027
Total	1,067,792
c6) write-off of interest on leasing fees	
<b>D) total gross effect at year-end (A+B-C)</b>	115,492

ASSETS	Euro €
<b>E) net tax effect</b>	23,299
<b>F) effect on net equity at year-end</b>	92,193
<b>INCOME STATEMENT</b>	
Write-off of financial lease fees (*)	121,756
Amortization rates on existing contracts	46,249
Amortization rates on redeemed goods	
Financial charge on leasing transactions	50,949
Adjustments/value recoveries on leased goods	(158,373)
<b>Effect on profit before tax</b>	24,559
Tax effect	4,955
<b>Effect on the result for the year</b>	19,604
ASSETS	INR/Lakhs
<b>A) Existing Contracts</b>	
a1) Value of leased assets at the end of prior year:	
Gross value	1,044,04
Depreciation fund	229,18
Adjustments	
Value recoveries	0
Total	814,86
a2) assets purchased in the year	
a3) assets redeemed in the year	
a4) depreciation rates for the year	38,20
a5) adjustments	(118,73)
a6) assets writeback	0
a7) Value of leased assets at year-end:	
Gross value	887,11
Depreciation fund	267,38
Adjustments	0
Value recoveries	0
Total	887,11
a8) write-off prepaid expenses on leasing transactions	
<b>B) Redeemed assets</b>	
b1) difference between the value of redeemed assets determined according to the financial method and their net book value at year-end	
<b>C) LIABILITIES</b>	
c1) implicit liabilities at the end of previous year:	
Becoming due in the following year	46,30
Becoming due after 1 to 5 years	205,88
Becoming due after more than 5 years	594,65
Total	846,82
c2) implicit liabilities arisen in the year	
c3) reductions for reimbursement of capital	46,30
c4) reductions for redemptions in the year	
<b>c5) implicit liabilities at year-end:</b>	
Becoming due in the following year	48,28
Becoming due after 1 to 5 years	214,69
Becoming due after more than 5 years	537,56
Total	800,52
c6) write-off of interest on leasing fees	
<b>D) total gross effect at year-end (A+B-C)</b>	86,58
<b>E) net tax effect</b>	17,47
<b>F) effect on net equity at year-end</b>	69,12
<b>INCOME STATEMENT</b>	
Write-off of financial lease fees (*)	91,28
Amortization rates on existing contracts	34,67
Amortization rates on redeemed goods	
Financial charge on leasing transactions	38,20
Adjustments/value recoveries on leased goods	(118,73)
<b>Effect on profit before tax</b>	18,41
Tax effect	3,71
<b>Effect on the result for the year</b>	14,70

**Information on financial instruments issued by the company**

The company did not issue financial instruments.

**Information on the fair value of derivative financial instruments**

The company has no derivative financial instruments.

**Information on transactions with related parties**

On 28<sup>th</sup> January 2014 the company undersigned a consultancy agreement with MBO Europe S.r.l., but during the year no significant operations were carried out with such company.

The Company carried out significant business operations with the parent company and they were conducted under standard market terms. Please refer to the Directors' Report for further details.

**Information on agreements not shown in the balance sheet**

The company has no agreements other than those shown in the Balance Sheet.

**Information on the compensation due to the independent auditors**

As required by law, the compensation due for the year for the services rendered by the independent auditors for the auditing of the annual accounts for Euro 10,252 – INR/Laks 7,69 is hereby disclosed.

**Other information**

As required by law, the total compensations due to the directors and members of the supervisory board are hereby disclosed.

	Euro €
Position	Compensation
Directors	33,734
Sole Auditor	14,768

	INR/Lakhs
Position	Compensation
Directors	25,29
Sole Auditor	11,07

**Financial statement**

Financial information are provided below, as required by accounting standard OIC no. 10.

Description	Business year 31/03/2016	Business year 31/03/2015
<b>A. Financial flow of operating activities</b>		
Profit (loss) for the year	555,868	1,454
Income taxes	(153,912)	33,074
Interest payables (interest receivables) (Dividends)	3,106	14,356
Capital gains on disposals included in item A5		
Capital gains on disposals not included in item no. 5		
Capital gains on disposals included in item B14		
Capital losses on disposals		
<b>Total (capital gains)/capital losses on disposals of:</b>		
tangible fixed assets		(22,062)
intangible fixed assets		
financial fixed assets		
<b>1. Net profit (loss) for the year before income taxes, interests, dividends, capital gains/losses on disposals</b>	405,062	26,822
<b>Adjustments of non monetary items without offsetting item</b>		
Provision for funds	21,296	45,670
Depreciation of fixed assets	90,007	94,934
Impairment losses		
Other adjustments for non monetary items	(13,547)	

Description	Business year 31/03/2016	Business year 31/03/2015
<b>2. Financial flow before changes in the net working capital</b>	97,756	140,604
<b>Changes in the net working capital</b>		
Decrease/(increase) of inventories	(310,224)	(202,018)
Decrease/(increase) of account receivables	(2,138,985)	858,810
Decrease/(increase) of account payables	464,167	158,758
Decrease/(increase) of accrued income and prepayments	13,947	22,696
Decrease/(increase) of accrued liabilities	118	(8,222)
Other changes in the net working capital	2,210,047	(64,087)
<b>3. Financial flow after changes in the net working capital</b>	239,070	765,937
<b>Other adjustments</b>		
Interests received/(paid)	(3,106)	(14,356)
(Income tax for the year)	(41,075)	(2,392)
Received dividends		
(Use of funds)	(12,257)	(68,349)
<b>4. Financial flow after other adjustments</b>	(56,438)	(85,097)
<b>FINANCIAL FLOW OF OPERATING ACTIVITIES (A)</b>	685,450	848,266
<b>B. Financial flows from investment activities</b>		
Tangible fixed assets (Investments)	(46,838)	(113,347)
Price of divestitures made		
Intangible fixed assets (Investments)	(10,430)	(15,319)
Price of divestitures made	1	
Financial fixed assets (Investments)		1,232
Price of divestitures made		1,232
Non fixed financial assets (Investments)		
Price of divestitures made		
Purchase or disposal of subsidiaries or company sectors net of cash and cash equivalents		
<b>FINANCIAL FLOW FROM INVESTMENT ACTIVITIES (B)</b>	(57,267)	(127,434)
<b>C. Financial flows from financing activities</b>		
<b>Third party financing</b>		
Increase (decrease) in short-term payables to banks	(178,996)	(516,415)
Loans raised		
Loans repaid		(53,297)
<b>Equity</b>		
Paid in capital increase		
Disposal (purchase) of treasury shares		
Dividends (and advance on dividends) paid		
<b>FINANCIAL FLOW FROM FINANCING ACTIVITIES (C)</b>	(178,996)	(569,712)

Description	Business year 31/03/2016	Business year 31/03/2015
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B-C)</b>	449,187	151,120
Initial cash and cash equivalents	399,035	247,915
Final cash and cash equivalents	848,222	399,035
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	449,187	151,120
Description	Business year 31/03/2016	Business year 31/03/2015
<b>A. Financial flow of operating activities</b>		
Profit (loss) for the year	416,73	1,09
Income taxes	(115,39)	24,80
Interest payables (interest receivables) (Dividends)	2,33	10,76
Capital gains on disposals included in item A5		
Capital gains on disposals not included in item no. 5		
Capital gains on disposals included in item B14		
Capital losses on disposals		
<b>Total (capital gains)/capital losses on disposals of:</b>		
tangible fixed assets		
intangible fixed assets		(16,54)
financial fixed assets		
<b>1. Net profit (loss) for the year before income taxes, interests, dividends, capital gains/losses on disposals</b>	303,67	20,11
<b>Adjustments of non monetary items without offsetting item</b>		
Provision for funds	15,97	574,22
Depreciation of fixed assets	67,48	71,17
Impairment losses		
Other adjustments for non monetary items	(10,16)	
<b>2. Financial flow before changes in the net working capital</b>	73,29	105,41
<b>Changes in the net working capital</b>		
Decrease/(increase) of inventories	(232,57)	(151,45)
Decrease/(increase) of account receivables	(1.603,60)	643,85
Decrease/(increase) of account payables	347,99	118,27
Decrease/(increase) of accrued income and prepayments	10,46	17,02
Decrease/(increase) of accrued liabilities	0,09	(6,16)
Other changes in the net working capital	1.656,87	(48,05)
<b>3. Financial flow after changes in the net working capital</b>	179,23	574,22
<b>Other adjustments</b>		
Interests received/(paid)	(2,33)	(10,76)
(Income tax for the year)	(30,79)	(1,79)
Received dividends		
(Use of funds)	(9,19)	(51,24)

Description	Business year 31/03/2016	Business year 31/03/2015
<b>4. Financial flow after other adjustments</b>	(42,31)	(63,80)
<b>FINANCIAL FLOW OF OPERATING ACTIVITIES (A)</b>	513,88	635,95
<b>B. Financial flows from investment activities</b>		
Tangible fixed assets (Investments)	(35,11)	(84,98)
Price of divestitures made	(35,11)	(84,98)
Intangible fixed assets (Investments)	(7,82)	(11,48)
Price of divestitures made	(7,82)	(11,48)
Price of divestitures made	1	
Financial fixed assets (Investments)		0,92
Price of divestitures made		0,92
Non fixed financial assets (Investments)		
Price of divestitures made		
Purchase or disposal of subsidiaries or company sectors net of cash and cash equivalents		
<b>FINANCIAL FLOW FROM INVESTMENT ACTIVITIES (B)</b>	(42,93)	(95,54)
<b>C. Financial flows from financing activities</b>		
<b>Third party financing</b>		
Increase (decrease) in short-term payables to banks	(134,19)	(387,16)
Loans raised		
Loans repaid		(39,96)
<b>Equity</b>		
Paid in capital increase		
Disposal (purchase) of treasury shares		
Dividends (and advance on dividends) paid		
<b>FINANCIAL FLOW FROM FINANCING ACTIVITIES (C)</b>	(134,19)	(427,11)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B-C)</b>	336,76	113,29
Initial cash and cash equivalents	299,16	185,86
Final cash and cash equivalents	635,91	299,16
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	336,76	113,29

These Financial Statements, made up of the Balance Sheet, Income Statement and Notes to the Accounts, give a true and fair representation of the Company's economic and financial situation and of its economic result for the year. They truly reflect the accounting records.

Chairman of the Board of Directors

**Pravin Kumar Shah**

**Registered Office**

**MAHINDRA GRAPHIC RESEARCH DESIGN S.R.L. – ONE QUOTA-HOLDER  
VIA DEL BABUINO 51 - ROMA**

Capital: € 960,000.00 (Rs. in lakhs 719.71) fully paid  
Fiscal Code and Company Register in Rome n. 09855051000  
R.E.A. N. RM – 1192862

Company subject to the co-ordination and control of Mahindra & Mahindra Ltd

**Report of the Directors to the Quota-holder**

Dear Quota-holder,

The Company was incorporated on February 12, 2008.

The Financial Statements as at March 31, 2016 (F16) report a gross operating Profit of Euro 3,23,950 (Rs. in lakhs 242.87) vis-a-vis a gross operating loss of Euro 1,85,123 (Rs. in lakhs 138.79) in the previous year (F15) and a Net Profit of Euro 9166 (Rs. in lakhs 6.87) vis-à-vis a Net Loss of Euro 4,59,828 (Rs. in lakhs 344.77) in the previous year.

**Performance during the year:**

The revenue of the company is Euro 4.1 mln in F16 v/s Euro 3.5 mln in F15. The major areas from where company is deriving revenues are US, India, Italy, Russia, Spain and Turkey.

During the year the company has received product design & development work from Mahindra & Mahindra Ltd, its group company and external customers. The company initiated a policy of cost containment to restrict losses.

In order to guarantee customers, a greater security, privacy and data protection, company continues its focus on upgrading design infrastructure.

**Future Prospects:**

The company is geared up to provide the required skilled design services of future requirements. The company continues to execute projects of M&M Group product development activities and mainly dependent on M&M's product development plans.

The thrust to get Non M&M business will continue in future as well. The company is cautiously observing for the signs in revival of auto industry in Europe and are hopeful in getting good business from European auto manufacturers.

**Holding Company:**

The Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated under the laws of Republic of Mauritius.

**Directors:**

Pravin Kumar Shah

Rajan Wadhera

Vijay Paradkar M

Bharat Moossaddee

Nicola Paglietti

For and behalf of the Board

**Pravin Kumar Shah**  
President

Date: May 12, 2016

Place: Beinasco (TO)-Italy

## INDEPENDENT AUDITORS' REPORT

To the Sole Shareholder of

**MAHINDRA GRAPHIC RESEARCH DESIGN S.r.l.**

### Report on the Financial Statements

We have audited the accompanying financial statements of Mahindra Graphic Research Design S.r.l. (the "Company") prepared in short form and in English for the benefit of its Indian parent company, which comprise the balance sheet as at March 31, 2016, the statement of income for the year then ended and the explanatory notes.

### Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with the Italian law governing financial statements.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mahindra Graphic Research Design

S.r.l. as at March 31, 2016, and of its financial performance for the year then ended in accordance with the Italian law governing financial statements.

### Other matters

- (a) In order to facilitate the analysis of the Company financial performance to its Indian parent company, the financial statements include both data in Euros (functional and reporting currency) and in Indian Rupees, determined using the conventional exchange rate of 1 Euro = 74,97 Indian Rupees applied to all data presented in the financial statements, including comparative figures. Notwithstanding we verified the mathematical accuracy of the translations, our opinion on the financial statements of Mahindra Graphic Research Design S.r.l. does not extend to the translation method agreed by the Company and its Indian parent company.
- (b) Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, the Company has disclosed that it is subject to management and coordination of its activities by the indirect parent company Mahindra & Mahindra Ltd (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Mahindra Graphic Research Design S.r.l. does not extend to such data.
- (c) The financial statements are prepared in short form and in English solely for the benefit of the Indian parent company. As a result, the financial statements may not be suitable for other purposes. Our report is intended solely for Mahindra Graphic Research Design S.r.l. and its indirect parent company Mahindra & Mahindra Ltd (India) and should not be distributed to or used by parties other than Mahindra Graphic Research Design S.r.l. and its indirect parent company Mahindra & Mahindra Ltd (India).

DELOITTE & TOUCHE S.p.A.

**Giorgio Barbieri**  
*Partner*

Torino, Italy  
May 25, 2016

**FINANCIAL STATEMENT ON 31/03/2016****BALANCE SHEET**

	3/31/2016			3/31/2015		
	Euro	Euro/Lakhs	INR/Lakhs	Euro	Euro/Lakhs	INR/Lakhs
<b>Assets</b>						
<b>B) Fixed assets</b>						
<b>I. Intangible assets</b>						
3) Industrial patent rights and rights to use intellectual property .....	23,413	0.23	17.55	32,133	0.32	24.09
5) Goodwill .....	403,968	4.04	302.85	624,314	6.24	468.05
7) Others.....	0	0.00	0.00	5,982	0.06	4.48
<b>Total intangible assets.....</b>	<b>427,381</b>	<b>4.27</b>	<b>320.41</b>	<b>662,429</b>	<b>6.62</b>	<b>496.62</b>
<b>II. Tangible assets</b>						
2) Plant and machinery.....	0	0.00	0.00	0	0.00	0.00
3) Industrial and commercial equipment .....	3,451	0.03	2.59	4,699	0.05	3.52
4) Other assets.....	52,911	0.53	39.67	70,255	0.70	52.67
<b>Total tangible assets.....</b>	<b>56,362</b>	<b>0.56</b>	<b>42.25</b>	<b>74,954</b>	<b>0.75</b>	<b>56.19</b>
<b>Total fixed assets (B).....</b>	<b>483,743</b>	<b>4.84</b>	<b>362.66</b>	<b>737,383</b>	<b>7.37</b>	<b>552.82</b>
<b>C) Current assets</b>						
<b>II. Accounts receivable</b>						
1) towards clients.....	425,177	4.25	318.76	1,015,431	10.15	761.27
due within one year .....	425,177	4.25	318.76	1,015,431	10.15	761.27
due after one year .....	0	0.00	0.00	0	0.00	0.00
4) towards parent company .....	77,894	0.78	58.40	102,657	1.03	76.96
due within one year .....	77,894	0.78	58.40	102,657	1.03	76.96
due after one year .....	0	0.00	0.00	0	0.00	0.00
4 bis) tax credit .....	80,832	0.81	60.60	136,266	1.36	102.16
due within one year .....	79,285	0.79	59.44	134,719	1.35	101.00
due after one year.....	1,547	0.02	1.16	1,547	0.02	1.16
4 ter) deferred taxes .....	315,456	3.15	236.50	313,164	3.13	234.78
due within one year .....	0	0.00	0.00	0	0.00	0.00
due after one year.....	315,456	3.15	236.50	313,164	3.13	234.78
5) towards others .....	3,863	0.04	2.90	4,551	0.05	3.41
due within one year .....	3,863	0.04	2.90	4,551	0.05	3.41
due after one year .....	0	0.00	0.00	0	0.00	0.00
<b>Total receivables.....</b>	<b>903,222</b>	<b>9.03</b>	<b>677.15</b>	<b>1,572,069</b>	<b>15.72</b>	<b>1,178.58</b>

	3/31/2016			3/31/2015		
	Euro	Euro/Lakhs	INR/Lakhs	Euro	Euro/Lakhs	INR/Lakhs
<b>IV. Liquid assets</b>						
1) Bank and postal deposits .....	809,226	8.09	606.68	99,974	1.00	74.95
3) Cash.....	532	0.01	0.40	728	0.01	0.55
<b>liquid assets.....</b>	<b>809,758</b>	<b>8.10</b>	<b>607.08</b>	<b>100,702</b>	<b>1.01</b>	<b>75.50</b>
<b>Total current assets (C).....</b>	<b>1,712,980</b>	<b>17.13</b>	<b>1,284.22</b>	<b>1,672,771</b>	<b>16.73</b>	<b>1,254.08</b>
<b>D) Accrued income and prepaid expenses</b>						
Prepayment and accrual income.....	33,570	0.34	25.17	26,354	0.26	19.76
<b>Total accrued income and prepaid expenses (D)....</b>	<b>33,570</b>	<b>0.34</b>	<b>25.17</b>	<b>26,354</b>	<b>0.26</b>	<b>19.76</b>
<b>Total assets.....</b>	<b>2,230,293</b>	<b>22.30</b>	<b>1,672.05</b>	<b>2,436,508</b>	<b>24.37</b>	<b>1,826.65</b>
<b>Liabilities</b>						
<b>A) Shareholders' equity</b>						
I. Share capital .....	960,000	9.60	719.71	960,000	9.60	719.71
IV. Legal reserve.....	5,193	0.05	3.89	5,193	0.05	3.89
VII. Other reserves.....						
Capital contributions .....	0	0.00	0.00	339,858	3.40	254.79
Other reserves.....	2	0.00	0.00	0	0.00	0.00
<b>Total other reserves.....</b>	<b>2</b>	<b>0.00</b>	<b>0.00</b>	<b>339,858</b>	<b>3.40</b>	<b>254.79</b>
VIII. Retained earnings (loss) carry forwards .....	(119,970)	(1.20)	(89.94)	0	0.00	0.00
IX. Profit (loss) for the year .....	9,166	0.09	6.87	(459,828)	(4.60)	(344.73)
<b>Total shareholders' equity .....</b>	<b>854,391</b>	<b>8.54</b>	<b>640.54</b>	<b>845,223</b>	<b>8.45</b>	<b>633.66</b>
<b>C) Employees' leaving indemnity .....</b>	<b>326,452</b>	<b>3.26</b>	<b>244.74</b>	<b>328,675</b>	<b>3.29</b>	<b>246.41</b>
<b>D) Accounts Payables</b>						
4) Payables towards banks.....	3,301	0.03	2.47	139,892	1.40	104.88
due within one year .....	3,301	0.03	2.47	139,892	1.40	104.88
due after one year.....	0	0.00	0.00	0	0.00	0.00
5) Payables towards suppliers.....	535,384	5.35	401.38	635,519	6.36	476.45
due within one year .....	535,384	5.35	401.38	635,519	6.36	476.45
due after one year.....	0	0.00	0.00	0	0.00	0.00
12) Payables towards suppliers.....	42,582	0.43	31.92	28,137	0.28	21.09
due within one year .....	42,582	0.43	31.92	28,137	0.28	21.09
due after one year.....	0	0.00	0.00	0	0.00	0.00



	3/31/2016			3/31/2015		
	Euro	Euro/Lakhs	INR/Lakhs	Euro	Euro/Lakhs	INR/Lakhs
13) Payables towards pension and social security institutes .....	123,938	1.24	92.92	130,093	1.30	97.53
due within one year .....	123,938	1.24	92.92	130,093	1.30	97.53
due after one year.....	0	0.00	0.00	0	0.00	0.00
14) Other payables.....	318,786	3.19	238.99	321,087	3.21	240.72
due within one year .....	318,786	3.19	238.99	321,087	3.21	240.72
due after one year.....	0	0.00	0.00	0	0.00	0.00
<b>Total debts .....</b>	<b>1,023,991</b>	<b>10.24</b>	<b>767.69</b>	<b>1,254,728</b>	<b>12.55</b>	<b>940.67</b>
<b>E) Accrued liabilities and deferred income</b>						
Accrued liabilities and deferred income.....	25,459	0.25	19.09	7,882	0.08	5.91
<b>Total accrued liabilities and deferred income.....</b>	<b>25,459</b>	<b>0.25</b>	<b>19.09</b>	<b>7,882</b>	<b>0.08</b>	<b>5.91</b>
<b>Total shareholders' equity and liabilities.....</b>	<b>2,230,293</b>	<b>22.30</b>	<b>1,672.05</b>	<b>2,436,508</b>	<b>24.37</b>	<b>1,826.65</b>
<b>Profit and loss account</b>						
<b>A) Production value</b>						
1) From sales and services.....	4,098,121	40.98	3,072.36	3,429,504	34.30	2,571.10
5) Other revenues and incomes						
Others.....	65,383	0.65	49.02	113,145	1.13	84.82
<b>Total other revenues and incomes .....</b>	<b>65,383</b>	<b>0.65</b>	<b>49.02</b>	<b>113,145</b>	<b>1.13</b>	<b>84.82</b>
<b>Total production value.....</b>	<b>4,163,504</b>	<b>41.64</b>	<b>3,121.38</b>	<b>3,542,649</b>	<b>35.43</b>	<b>2,655.92</b>
<b>B) Production costs.....</b>						
6) Raw materials, subsidiary materials, consumables and goods .....	31,234	0.31	23.42	20,871	0.21	15.65
7) Services .....	1,400,521	14.01	1,049.97	1,272,591	12.73	954.06
8) Rent/lease.....	120,702	1.21	90.49	140,975	1.41	105.69
9) Personnel costs						
a) salaries and wages .....	1,562,240	15.62	1,171.21	1,630,214	16.30	1,222.17
b) Social Contributions .....	500,274	5.00	375.06	513,465	5.13	384.94
c) employees' leaving indemnity .....	116,706	1.17	87.49	118,691	1.19	88.98
e) other costs .....	84,834	0.85	63.60	6,572	0.07	4.93
<b>Total personnel costs .....</b>	<b>2,264,054</b>	<b>22.64</b>	<b>1,697.36</b>	<b>2,268,942</b>	<b>22.69</b>	<b>1,701.03</b>
10) Depreciation and value adjustments						
a) depreciation of intangible assets .....	241,169	2.41	180.80	239,945	2.40	179.89
b) depreciation of tangible assets.....	25,039	0.25	18.77	23,522	0.24	17.63
d) write down of accounts receivable recorded among current assets and liquid assets .....	2,500	0.03	1.87	5,500	0.06	4.12
<b>Total depreciation and amortization.....</b>	<b>268,708</b>	<b>2.69</b>	<b>201.45</b>	<b>268,967</b>	<b>2.69</b>	<b>201.64</b>
14) Other operating costs .....	23,043	0.23	17.28	24,393	0.24	18.29
<b>Total production costs.....</b>	<b>4,108,262</b>	<b>41.08</b>	<b>3,079.96</b>	<b>3,996,739</b>	<b>39.97</b>	<b>2,996.36</b>
<b>Difference between value and costs production (A-B)</b>	<b>55,242</b>	<b>0.55</b>	<b>41.41</b>	<b>(454,090)</b>	<b>(4.54)</b>	<b>(340.43)</b>

	3/31/2016			3/31/2015		
	Euro	Euro/Lakhs	INR/Lakhs	Euro	Euro/Lakhs	INR/Lakhs
<b>C) Financial income and expense</b>						
16) Other financial income:						
c) from securities recorded among current assets...	0	0.00	0.00	318	0.00	0.24
d) other income different than the above .....						
others .....	408	0.00	0.31	360	0.00	0.27
<b>Total income different than the above .....</b>	<b>408</b>	<b>0.00</b>	<b>0.31</b>	<b>360</b>	<b>0.00</b>	<b>0.27</b>
<b>Total financial income and expenses .....</b>	<b>408</b>	<b>0.00</b>	<b>0.31</b>	<b>678</b>	<b>0.01</b>	<b>0.51</b>
17) Interests and other financial costs:						
d) other financial cost .....	5,595	0.06	4.19	6,974	0.07	5.23
<b>Total interests and other financial costs .....</b>	<b>5,595</b>	<b>0.06</b>	<b>4.19</b>	<b>6,974</b>	<b>0.07</b>	<b>5.23</b>
<b>Total financial income and expense (15+16+17+-17-bis)</b>	<b>(5,187)</b>	<b>(0.05)</b>	<b>(3.89)</b>	<b>(6,296)</b>	<b>(0.06)</b>	<b>(4.72)</b>
<b>E) Extraordinary income and costs</b>						
20) Incomes .....						
Others .....	5,777	0.06	4.33	0	0.00	0.00
– other extraordinary income .....	(1)	0.00	0.00	0	0.00	0.00
<b>Total incomes .....</b>	<b>5,776</b>	<b>0.06</b>	<b>4.33</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total extraordinary income and costs (20–21)</b>	<b>5,776</b>	<b>0.06</b>	<b>4.33</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Result before taxes (A–B±C±D±E) .....</b>	<b>55,831</b>	<b>0.56</b>	<b>41.86</b>	<b>(460,386)</b>	<b>(4.60)</b>	<b>(345.15)</b>
22) Taxes on the income for the year, current, deferred						
Current tax .....	48,957	0.49	36.70	142,644	1.43	106.94
Deferred tax .....	2,292	0.02	1.72	143,202	1.43	107.36
<b>Total taxes on the income for the year, current, deferred .....</b>	<b>46,665</b>	<b>0</b>	<b>34.98</b>	<b>(558)</b>	<b>0</b>	<b>(0.38)</b>
<b>23) Profit (loss) of the year</b>	<b>9,166</b>	<b>0.09</b>	<b>6.87</b>	<b>(459,828)</b>	<b>(4.60)</b>	<b>(344.77)</b>

Exchange rate was (1 Euro=Rs 74,97) for both financial years for convenience translation.  
A lakh is a unit in the Indian numbering system equal to one hundred thousand (100.000).

This Financial Statements is in agreement with results of accountant records.

Beinasco (TO). Italy  
May 12, 2016

For and behalf of the Board  
**Pravin Kumar Shah**  
*President*

## NOTES TO THE FINANCIAL STATEMENTS AS ON MARCH 31<sup>ST</sup> 2016

### First part of the notes to the accounts

Dear shareholders,

These financial statements, submitted for your examination and approval, show a net profit for the year of €9,166.(Rs in Lakhs 6.87)

### Overall performance

The year under review was characterised by the continuing Italian economic crisis.

In this context the company recorded an increase in turnover of around 18%.

The company continues to collaborate with Mahindra North American Technical Center Inc. incorporated by Mahindra Vehicle Manufacturers Ltd., which is also a member of the Mahindra group.

The company continues to operate in the domestic market and in Spain, Poland, Turkey and Russia which has led to an increase in turnover of around 50% in relation to customers not belonging to the group.

Turnover for the year can be split into revenues of about 56% coming from group companies and 44% coming from other customers.

The gross operating margin for normal operations is positive at €256,067 (Rs in Lakhs 191.97)

In Euro	31/03/2016
Net revenues	4,098,121
External costs	1,578,000
Value added	2,520,121
Labour costs	2,264,054
Gross operating margin	256,067

In Rupee/Lakhs	31-03-16
Net revenues	3,072.36
External costs	1,183.03
Value added	1,889.33
Labour costs	1,697.36
Gross operating margin	191.97

Profit before tax of €55,831(Rs in Lakhs 41.86) is adversely affected by withholding tax applied on services in India reduced to 10,815%, compared to the 20% applied in the prior period, with a total tax charge of €16,877 (Rs in Lakhs 12.65) for foreign taxes.

Current income taxes IRES and IRAP are €32,080 (Rs in Lakhs 24.05) and net deferred tax assets are €2,292 (Rs in lakhs 1.72)

The after-tax profit is €9,166 (Rs in Lakhs 6.87)

The Company has decided to postpone until next year the recalculation of deferred tax accrued at an IRES rate of 24% in accordance with Law 28 December 2015, n. 208 which, in paragraph 61, has sanctioned an amendment to Art. 77 of the Italian Income Tax Code effective from the 2017 year end.

During the year the company has pursued a policy of containing costs and kept outsourcing of activities to a minimum.

The company also accessed the Earnings Supplement Fund (CIG) in the first quarter, in particular in the administrative and technical areas with regard to 2D and styling jobs.

There has been a decrease in personnel costs relating to administration and sales.

During the year the leasing agreements for computer equipment and software came to an end. The assets have been redeemed and recorded in the fixed asset register.

The company has continued its policy of always keeping computer equipment up to date in order to guarantee customers ever greater security, privacy and protection of personal data.

At the year end the company has the potential for 40 CATIA licences of which 2 are AB3, and 39 UG licences.

3DCS software is used for accurate analysis of the tolerance chain.

### Significant events during the year

Normal operations have continued after the balance sheet date.

In a context where the Italian automotive market sector is beginning to show the first signs of recovery, business continuity is guaranteed in large part by orders that the Mahindra group & Mahindra Ltd. Plan to assign to the company.

The company continues business activities aimed at increasing customers not belonging to the group.

### Basis of preparation

The following financial statements have been prepared in accordance with articles 2423 et seq of the Italian Civil Code, as reported in these notes, which have been drawn up in compliance with article 2427 of the Italian Civil Code, and, under article 2423, constitute an integral part of the financial statements for the year.

The valuation criteria applied to items and adjustments in the financial statements comply with the provisions of the Italian Civil Code and with the guidance issued by the Italian Accounting Board.

The financial statements are presented in Euros and the amounts have been rounded. Any rounding differences have been recorded in the "Euro rounding reserve" within Shareholders' Equity and as "Euro rounding differences" within item "extraordinary income and costs" in the Profit and loss account.

In accordance with article 2423, paragraph 5, of the Italian Civil Code, the notes to the accounts have been prepared in Euros.

The financial statements have been drawn up in abbreviated form in accordance with article 2435 of the Italian Civil Code. However, for greater reporting clarity the financial statement schedules have been presented in the ordinary form.

### Valuation Criteria

The criteria used in the preparation of the financial statements for the year ended 31/03/2016 have not changed from those used in the financial statements of the previous year, in particular with respect to the principles of valuation and consistency.

All items in the financial statements have been valued in accordance with the general principles of prudence and accruals and on a going-concern basis, also taking into account the economic function of the asset or liability.

The application of the prudence principle entailed the assessment of the individual elements of each asset and liability in order to prevent losses that should be recognised from being offset against unrealised profits which should not.

In accordance with the accrual principle, the effects of transactions and other events are recognised in the period to which they refer, and not in the period in which the associated cash flows (receipts and payments) occur.

Consistency of valuation criteria over time is fundamental for ensuring the comparability of the company's financial statements between different periods.

Recognition of assets and liabilities on the basis of their economic function reflects the principle of substance over form – obligatory where not expressly contrary to other specific accounting principles – and makes it possible to report transactions in accordance with the economic reality underlying the formal aspects.

**Derogations**

There were no exceptional circumstances that made it necessary to resort to derogations under article 2423, paragraph 4 of the Italian Civil Code.

**Notes to the accounts Assets**

**Intangible fixed assets**

**I. Intangible fixed assets**

In Euro		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
427,381	662,429	(235,048)

In Rupees/Lakhs		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
320.41	496.62	(176.22)

**Fixed Assets**

**Intangible assets**

Intangible assets are recorded at historical acquisition cost and shown net of accumulated amortisation charged directly to the individual items.

Following approval by the Supervisory Body, purchased goodwill has been recorded at an amount equal to the cost incurred and paid to G.R. Grafica Ricerca Design S.r.l. in 2008 for the acquisition of a business unit, and is amortised on a straight-line basis over 10 years. This period does not exceed the expected useful life of the assets.

Rights to use intellectual property are amortised at an annual rate of 20%. These relate only to software. Annual fees for the use of graphic licenses are recognised on an accrual basis in the Profit and loss account.

Other intangible assets consist of leasehold improvements and are amortised on a straight-line basis based on the future useful life of the costs incurred.

In the event that, regardless of the amortisation already recorded, an impairment loss occurs, the fixed asset is written down accordingly. If in subsequent years the reasons for the write-down should cease to apply then the original value is reinstated, adjusted for the relevant amortisation.

**Changes in intangible fixed assets**

In Euro	Industrial patent rights and rights to use intellectual property	Goodwill	Other intangible fixed assets	Total intangible fixed assets
Balance at beginning of year				
Cost	32,133	624,314	5,982	662,429
Book value	32,133	624,314	5,982	662,429
Change during the year				
Increases due to acquisitions	6,121	-	-	6,121
Amortisation for the year	14,841	220,346	5,982	241,169
Total change	(8,720)	(220,346)	(5,982)	(235,048)
Balance at end of year				
Cost	491,005	2,203,461	23,360	2,717,826

In Euro	Industrial patent rights and rights to use intellectual property	Goodwill	Other intangible fixed assets	Total intangible fixed assets
Accumulated amortisation	467,592	1,799,493	23,360	2,290,445
Book value	23,413	403,968	-	427,381

Rupee/Lakhs	Industrial patent rights and rights to use intellectual property	Goodwill	Other intangible fixed assets	Total intangible fixed assets
Balance at beginning of year				
Cost	24.09	468.05	4.48	496.62
Book value	24.09	468.05	4.48	496.62
Change during the year				
Increases due to acquisitions	(4.59)	-	-	(4.59)
Amortisation for the year	(11.13)	(165.19)	(4.48)	(180.80)
Total change	6.54	165.19	4.48	176.22
Balance at end of year				
Cost	368.11	1,651.93	17.51	2,037.55
Accumulated amortisation	350.55	1,349.08	17.51	1,717.15
Book value	17.55	302.85	-	320.41

**Tangible fixed assets**

**II. Tangible fixed assets**

In Euro		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
56,362	74,954	(18,592)
In Rupees/Lakhs		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
42.25	56.19	(13.94)

**Changes in tangible fixed assets**

**Tangible Assets**

Tangible assets are recorded at acquisition cost and shown net of accumulated depreciation.

The carrying amounts take into account incidental costs and costs sustained for the use of the fixed asset, less any material trade or cash discounts.

The depreciation rates charged to the profit and loss account have been calculated bearing in mind the use, destination, and the economic and technical

life of the assets, based on the criterion of remaining useful life. We believe that this criterion is properly represented by the following rates which have not changed from the previous year and which are reduced by half in the year that an asset comes into operation:

- Equipment:	15%
- Furnishings:	12%
- Motor vehicles:	20%
- Office machinery, furniture and fittings:	12%
- Electrical office machinery:	20%
- Internal communication devices:	25%

In the event that, regardless of the depreciation already recorded, an impairment loss occurs, the fixed asset is written down accordingly. If in subsequent years the reasons for the write-down should cease to apply then the original value is reinstated, adjusted for the relevant depreciation.

No assets have been discretionarily or voluntarily revalued and the valuations carried out have been determined objectively based on the use of the assets in question.

#### Plant and machinery

##### In Euro

Description	Balance
Historical cost	4,229
Accumulated depreciation	(4,229)
<b>Balance as at 31/03/2015</b>	
<b>Balance as at 31/03/2016</b>	

##### Rupee/Lakhs

Description	Balance
Historical cost	3.17
Accumulated depreciation	(3.17)
<b>Balance as at 31/03/2015</b>	
<b>Balance as at 31/03/2016</b>	

#### Industrial and commercial equipment

##### In Euro

Description	Balance
Historical cost	33,061
Accumulated depreciation	(28,362)
<b>Balance as at 31/03/2015</b>	<b>4,699</b>
Depreciation charge for the year	(1,248)
<b>Balance as at 31/03/2016</b>	<b>3,451</b>

##### In Rupees /Lakhs

Description	Balance
Historical cost	24.79
Accumulated depreciation	(21.26)
<b>Balance as at 31/03/2015</b>	<b>3.52</b>
Depreciation charge for the year	(0.94)
<b>Balance as at 31/03/2016</b>	<b>2.59</b>

#### Other assets

##### In Euro

Description	Balance
Historical cost	312,388
Accumulated depreciation	(242,133)
<b>Balance as at 31/03/2015</b>	<b>70,255</b>
Acquisitions during the year	8,329
Disposals during the year	(5,025)
Reversal of write-down	3,143
Depreciation charge for the year	(23,792)
<b>Balance as at 31/03/2016</b>	<b>52,911</b>

##### In Rupee/Lakhs

Description	Balance
Historical cost	234.20
Accumulated depreciation	(181.53)
<b>Balance as at 31/03/2015</b>	<b>52.67</b>
Acquisitions during the year	6.24
Disposals during the year	(3.77)
Reversal of write-down	2.36
Depreciation charge for the year	(17.84)
<b>Balance as at 31/03/2016</b>	<b>39.67</b>

In Euro	Plant and Machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Balance at beginning of year				
Cost	4,229	33,061	312,388	349,678
Accumulated depreciation	4,229	28,362	242,133	274,724
Book value	-	4,699	70,255	74,954
Change during the year				
Increases due to acquisitions	-	-	8,329	8,329
Decreases due to disposals and retirement (of book value)	-	-	(5,025)	(5,025)
Depreciation for the year	-	1,248	23,792	25,040
Other changes	-	-	3,143	3,143
Total change	-	(1,248)	(17,345)	(18,593)
Balance at end of year				
Cost	4,229	33,060	315,692	352,981
Accumulated depreciation	4,229	29,609	262,781	296,619
Book value	-	3,451	52,911	56,362

Rupee/Lakhs	Plant and Machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Balance at beginning of year				
Cost	3.17	24.79	234.2	262.15
Accumulated depreciation	3.17	21.26	181.53	205.96
Book value	–	3.52	52.67	56.19
Change during the year				
Increases due to acquisitions	–	–	6.24	6.24
Decreases due to disposals and retirement (of book value)	–	–	(3.77)	(3.77)
Depreciation for the year	–	0.94	17.84	18.77
Other changes	–	–	2.36	2.36
Total change	–	(0.94)	(13.94)	(13.94)
Balance at end of year				
Cost	3.17	24.79	236.67	264.63
Accumulated depreciation	3.17	22.20	197.01	222.38
Book value	–	2.59	39.67	42.25

**Finance lease transactions**

Disclosures relating to finance lease transactions

**Finance lease transactions (leasing)**

At the balance sheet date there were no finance leases.

**Current assets**

Current assets: Accounts receivable

**Receivables**

Receivables are recorded at their estimated realisable value. The nominal value of receivables is adjusted to this value through the provision for bad debts, taking general economic and sector conditions and also country risk into consideration.

Receivables are derecognised in the financial statements when the rights to the cash flows from the assets expire or when the assets are sold and all the risks connected to them are transferred.

**II. Accounts receivable**

In Euro		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
903,222	1,572,069	(668,847)

In Rupee/lakhs		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
677.15	1,178.58	(501.43)

Changes in receivables included in current assets

The balance is made up as follows:

In Euro	
Invoiced receivables	419,520
Towards clients	419,520
Invoices to be issued	19,057
Invoices to be issued to third party clients	19,057
Provisions for bad debts	(13,400)
Provision for client bad debts	(13,400)
Trade receivables	77,894
Towards parent company	77,894
Tax credits for withholding tax	821
Withholding tax on other income	793
Withholding tax on bank interest income	28
Tax credits	54,378
IRAP credit	47,079
Substitute tax on revaluation of employees' leaving indemnity credit	1,132
Request for refund ex article 2 LD 201/2011	1,547
IRES credit	4,620
VAT credit	25,633
VAT credit	25,633
Deferred taxes	315,456
IRAP deferred tax assets	28,319
IRES deferred tax assets	287,137
Other	3,863
Inail credit	3,863

In Rupee/lakhs	
Invoiced receivables	315.41
Towards clients	315.41
Invoices to be issued	14.29
Invoices to be issued to third party clients	14.29
Provisions for bad debts	(10.05)
Provision for client bad debts	(10.05)
Trade receivables	58.40
Towards parent company	58.40
Tax credits for withholding tax	0.62
Withholding tax on other income	0.59
Withholding tax on bank interest income	0.02
Tax credits	40.77
IRAP credit	35.30
Substitute tax on revaluation of employees' leaving indemnity credit	0.85
Request for refund ex article 2 LD 201/2011	3.46
IRES credit	19.22
VAT credit	19.22
VAT credit	236.50
Deferred taxes	21.23
IRAP deferred tax assets	215.27
IRES deferred tax assets	2.90
Other	2.90

The balance is subdivided as follows according to due date.

**In Euro**

Description	Due within one year	Due after one year	Due after 5 years	Total	Of which relates to transactions with repurchase obligations
Due from Clients	425,177	-	-	425,177	
Due from subsidiaries	-	-	-	-	
Due from associates	-	-	-	-	
Due from parent company	77,894	-	-	77,894	
Tax credits	79,285	1,547	-	80,832	
Deferred taxes	-	315,456	-	315,456	
Other receivables	3,863	-	-	3,863	
Rounding	-	-	-	-	
	<b>586,219</b>	<b>317,003</b>		<b>903,222</b>	

**In Rupee/Lakhs**

Description	Due within one year	Due after one year	Due after 5 years	Total	Of which relates to transactions with repurchase obligations
Due from Clients	318.76	-	-	318.76	
Due from subsidiaries	-	-	-	-	
Due from associates	-	-	-	-	
Due from parent company	58.40	-	-	58.40	
Tax credits	59.44	1.16	-	60.60	
Deferred taxes	-	236.50	-	236.50	
Other receivables	2.90	-	-	2.90	
Rounding	-	-	-	-	
	<b>439.49</b>	<b>237.66</b>		<b>677.15</b>	

In Euros	Balance at beginning of year	Change during the year	Balance at end of year	Amount due within the year	Amount due after the year end
Receivables from clients included in current assets	1,015,431	(590,254)	425,177	425,177	-
Receivables from parent company included in current assets	102,657	(24,763)	77,894	77,894	-
Tax credits included in current assets	136,266	(55,434)	80,832	79,285	1,547
Deferred taxes included in current assets	313,164	2,292	315,456	-	315,456

In Euros	Balance at beginning of year	Change during the year	Balance at end of year	Amount due within the year	Amount due after the year end
Other receivables included in current assets	4,551	(688)	3,863	3,863	-
Total receivables included in current assets	1,572,069	(668,847)	903,222	586,219	317,003

Rupee/Lakhs	Balance at beginning of year	Change during the year	Balance at end of year	Amount due within the year	Amount due after the year end
Receivables from clients included in current assets	761.27	(442.51)	318.76	318.76	-
Receivables from parent company included in current assets	76.96	(18.56)	58.40	58.40	-
Tax credits included in current assets	102.16	(41.56)	60.60	59.44	1.16
Deferred taxes included in current assets	234.78	1.72	236.50	-	236.50
Other receivables included in current assets	3.41	(0.52)	2.90	2.90	-
<b>Total receivables included in current assets</b>	<b>1,178.58</b>	<b>(501.43)</b>	<b>677.15</b>	<b>439.49</b>	<b>237.66</b>

"Receivables from parent company" are receivables related to transactions concluded under normal market conditions.

The full amount for deferred taxes has been prudently allocated to amounts due in over one year even if it is likely that it will be partially used in the course of the following year in relation to the possibility of converting deferred tax assets into tax credits to be offset in accordance with regulations currently in force.

**Breakdown by geographical area of receivables included in current assets**

The distribution of accounts receivable as at 31/03/2016 by geographical area is shown in the table below.

**In Euros**

Geographical area	Italy	India	Spain	Turkey	Total
Receivables from clients included in current assets	396,527	-	27,125	1,525	425,177
Receivables from parent company included in current assets	-	77,894	-	-	77,894
Tax credits included in current assets	80,832	-	-	-	80,832
Deferred taxes included in current assets	315,456	-	-	-	315,456
Other receivables included in current assets	3,863	-	-	-	3,863
<b>Total accounts receivable included in current assets</b>	<b>796,678</b>	<b>77,894</b>	<b>27,125</b>	<b>1,525</b>	<b>903,222</b>

Rupee/Lakhs					
Geographical area	Italy	India	Spain	Turkey	Total
Receivables from clients included in current assets	297.28	-	20.34	1.14	318.76
Receivables from parent company included in current assets	-	58.40	-	-	58.40
Tax credits included in current assets	60.60	-	-	-	60.60
Deferred taxes included in current assets	236.50	-	-	-	236.50
Other receivables included in current assets	2.90	-	-	-	2.90
<b>Total accounts receivable included in current assets</b>	<b>597.27</b>	<b>58.40</b>	<b>20.34</b>	<b>1.14</b>	<b>677.15</b>

The adjustment of the nominal value of receivables to their estimated net realisable value was carried out through the provision for bad debts which has undergone the following changes during the year:

In Euros				
Description	Bad debt provision ex article 2426 Italian Civil Code	Bad debt provision ex article 106 Presidential Decree 917/1986		Total
Balance as at 31/03/2015	-	10,900		10,900
Provision for the year	-	2,500		2,500
<b>Balance as at 31/03/2016</b>	<b>-</b>	<b>13,400</b>		<b>13,400</b>

Rupee/Lakhs				
Description	Bad debt provision ex article 2426 Italian Civil Code	Bad debt provision ex article 106 Presidential Decree 917/1986		Total
Balance as at 31/03/2015	-	8.17		8.17
Provision for the year	-	1.87		1.87
<b>Balance as at 31/03/2016</b>	<b>-</b>	<b>10.05</b>		<b>10.05</b>

#### Current assets: liquid assets

#### Changes in liquid assets

#### IV. Liquid assets

In Euros			
Balance as at 31/03/2016	Balance as at 31/03/2015	Change	
809,758	100,702	709,056	
Rupee/Lakhs			
Balance as at 31/03/2016	Balance as at 31/03/2015	Change	
607.08	75.50	531.58	

In Euros			
	Balance at beginning of year	Change during year	Balance at end of year
Bank and postal deposits	99,974	709,252	809,226
Cash	728	(196)	532
<b>Total liquid assets</b>	<b>100,702</b>	<b>709,056</b>	<b>809,758</b>

Rupee/Lakhs			
	Balance at beginning of year	Change during year	Balance at end of year
Bank and postal deposits	74.95	531.73	606.68
Cash	0.55	(0.15)	0.40
<b>Total liquid assets</b>	<b>75.50</b>	<b>531.58</b>	<b>607.08</b>

The balance represents the liquid assets and cash and cash equivalents on hand at the balance sheet date.

#### Accrued income and prepaid expenses

#### Accruals and prepayments

Accrued income and prepaid expenses have been determined in accordance with the accruals concept.

For long term accruals and prepayments the conditions that determined their initial recognition have been verified and any necessary changes made.

Accruals and prepayments include income and expenses whose impact on profit or loss comes before or after their actual cash payment and/or documentary support; regardless of the date of payment or collection of the income or expenses, they relate to two or more financial years and are allocated over time.

As at 31/03/2016 there are no accruals and prepayments with a duration of more than five years.

In Euros		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
33,570	26,354	7,216

Rupee/Lakhs		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
25.17	19.76	5.41

In Euros			
	Balance at beginning of year	Change during year	Balance at end of year
Other prepaid expenses	26,354	7,216	33,570
<b>Total accrued income and prepaid expenses</b>	<b>26,354</b>	<b>7,216</b>	<b>33,570</b>

Rupee/Lakhs			
	Balance at beginning of year	Change during year	Balance at end of year
Other prepaid expenses	19.76	5.41	25.17
<b>Total accrued income and prepaid expenses</b>	<b>19.76</b>	<b>5.41</b>	<b>25.17</b>



**Notes to the accounts Liabilities and shareholders' equity**
**Shareholders' equity**
**In Euros**

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
854,391	845,223	9,168

**Rupee/Lakhs**

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
640.54	633.66	6.87

**Changes in shareholders' equity**

In Euros	Balance at beginning of year	Allocation of prior year profits Other Allocation	Profit for the year	Balance at end of year
Share capital	960.000	-		960.000
Legal reserve	5.193	-		5.193
Other reserves	-			
Capital contributions	339.858	(339.858)		-
Various other reserves	-	2		2
Total other reserves	339.858	(339.856)		2
Retained earnings (loss)	-	(119.970)		(119.970)
Profit (loss) for the year	(459.828)	459.828	9.166	9.166
<b>Total shareholders' equity</b>	<b>845.223</b>	<b>2</b>	<b>9.166</b>	<b>854.391</b>

Rupees/Lakhs	Balance at beginning of year	Allocation of prior year profits	Profit for the year	Balance at end of year
Share capital	719.71	-		719.71
Legal reserve	3.89	-		3.89
Other reserves				
Capital contributions	254.79	(254.79)		-
Various other reserves	-	0.00		0.00
Total other reserves	254.79	(254.79)		0.00
Retained earnings (loss)	-	(89.94)		(89.94)
Profit (loss) for the year	(344.73)	344.73	6.87	6.87
<b>Total shareholders' equity</b>	<b>633.66</b>	<b>0.00</b>	<b>6.87</b>	<b>640.54</b>

**Availability and use of shareholders' equity**

The components of shareholders' equity are broken down as follows by origin, permitted use, amount available for distribution and uses in the previous three years.

In Euros	Amount	Permitted use	Amount available
Share capital	960,000	B	-
Legal reserve	5,193	B	-
Other reserves			

In Euros	Amount	Permitted use	Amount available
Various other reserves	2	A,B,C	2
Total other reserves	2		-
Retained earnings	(119,970)	A,B,C	-
<b>Total</b>	<b>845,225</b>		<b>-</b>

Rupee/Lakhs	Amount	Permitted use	Amount available
Share capital	719.71	B	-
Legal reserve	3.89	B	-
Other reserves			
Various other reserves	0.00	A,B,C	0.00
Total other reserves	0.00		-
Retained earnings	(89.94)	A,B,C	-
<b>Total</b>	<b>633.67</b>		<b>-</b>

(\*): A: to increase capital; B: to cover losses; C: for distribution to shareholders

The share capital of €960,000 (Rs Lakhs 719.71) consists of a single share.

In accordance with article 2427 of the Italian Civil Code we point out that the company has not issued shares or other securities or equity instruments.

**Employees' leaving indemnity**
**Disclosures relating to employees' leaving indemnity**
**Provision for employees' leaving indemnity**

The provision for employees' leaving indemnity represents the liability matured towards employees at the balance sheet date in accordance with the law and current employment contracts and considering all forms of ongoing remuneration.

The provision is the total of the individual indemnities due to employees accrued up to 29.02.2008, when the business unit was acquired, revalued each year and net of any advances paid and any withholding taxes on the revaluations; and represents the amount that would be payable to employees should their employment have terminated on 31.03.2016.

The fund does not include benefits accrued from 1 January 2007 and allocated to supplementary pension schemes in accordance with Legislative Decree. no 252 of 5 December 2005 or transferred to the INPS treasury fund.

**C) Employees' leaving indemnity**

In Euros	Balance as at 31/03/2016	Balance as at 31/03/2015	Change
	326,452	328,675	(2,223)

**Rupee/Lakhs**

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
244.74	246.41	(1.67)

In Euros	Employee leaving indemnity
Balance at beginning of year	328,675
Change during year	
Utilisation during year	(6,825)

In Euros	Employee leaving indemnity
Other changes	4,602
Total changes	(2,223)
Balance at end of year	326,452

Rupee/Lakhs	Employee leaving indemnity
Balance at beginning of year	246.41
Change during year	-
Utilisation during year	(5.12)
Other changes	3.45
Total changes	(1.67)
Balance at end of year	244.74

The other changes reported in the table consist of gross revaluations of € 5,092, (Rs in Lakhs 3.82) substitute tax of € 866 (Rs in Lakhs 0.65) and employee leaving indemnity accrued by the company in relation to new employees of € 376 (Rs in Lakhs 0.28)

**Accounts payable**

Accounts payable are recorded at nominal value adjusted in the event of returns or invoicing adjustments.

In Euros		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
1,023,991	1,254,728	(230,737)

Rupee/Lakhs		
Balance as at 31/03/2016	Balance as at 31/03/2015	Change
767.69	940.67	(172.98)

**Accounts payable changes and due dates**

Accounts payable are recorded at their nominal value and their due dates can be broken down as follows.

**Euros**

Description	Due within one year	Due after one year	Due after 5 years	Total	Of which relates to transactions with repurchase obligations	Of which to mortgages	Of which to pledges	Of which to privileges
Towards banks	3,301			3,301				
Towards suppliers	535,384			535,384				
Tax payables	42,582			42,582				
Social contributions	123,938			123,938				
Other payables	318,786			318,786				
	<b>1,023,991</b>			<b>1,023,991</b>				

**Rupee/Lakhs**

Description	Due within one year	Due after one year	Due after 5 years	Total	Of which relates to transactions with repurchase obligations	Of which to mortgages	Of which to pledges	Of which to privileges
Towards banks	2.47			2.47				
Towards suppliers	401.38			401.38				
Tax payables	31.92			31.92				
Social contributions	92.92			92.92				
Other payables	238.99			238.99				
	<b>767.69</b>			<b>767.69</b>				

In Euros	Balance at beginning of year	Change during year	Balance at end of year	Amount due within the year	Rupees/Lakhs	Balance at beginning of year	Change during year	Balance at end of year	Amount due within the year
Towards banks	139,892	(136,591)	3,301	3,301	Towards banks	104.88	(102.40)	2.47	2.47
Towards suppliers	635,519	(100,135)	535,384	535,384	Towards suppliers	476.45	(75.07)	401.38	401.38
Tax payables	28,137	14,445	42,582	42,582	Tax payables	21.09	10.83	31.92	31.92
Social contributions	130,093	(6,155)	123,938	123,938	Social contributions	97.53	(4.61)	92.92	92.92
Other payables	321,087	(2,301)	318,786	318,786	Other payables	240.72	(1.73)	238.99	238.99
<b>Total accounts payables</b>	<b>1,254,728</b>	<b>(230,737)</b>	<b>1,023,991</b>	<b>1,023,991</b>	<b>Total accounts payables</b>	<b>940.67</b>	<b>(172.98)</b>	<b>767.69</b>	<b>767.69</b>

"Accounts payable" are presented net of trade discounts. Cash discounts, however, are recorded at the time of payment. The nominal value of these payables has been adjusted for any returns or rebates (invoicing adjustments), to the extent of the amount defined with the counterpart.

The balance is made up as follows:

**In Euros**

Other amounts payable towards banks	3,301
Payable to Sanpaolo	3,301
Suppliers of goods and services	317,154
Suppliers	321,194
Credit notes to be received	(4,039)
Rounding	(1)
Invoices to be received	218,230
Invoices to be received	218,230
Withholding taxes payable	42,582
Withholding taxes on employee salaries	36,365
Withholding taxes on self-employed workers salaries	747
Withholding taxes payable following settlement agreement	5,469
Other	1
Social contributions	108,667
Social contributions employees	43,548
Social contributions INPS Treasury Fund	6,244
Social contributions payable employees	58,518
Employee withholding tax following settlement agreement	357
Other entities	15,271
Other entities management contributions	75
INAIL payable employees	671
Other entities Fondest	396
Other entities directors withholding taxes	11,584
Other entities Fon.Te	1,030
Other entities complementary pension	1,515
Amounts payable to employees for holidays not taken, deferred remuneration and bonuses earned	298,203
Amounts due employees	95,584
Amounts payable to employees	202,619
Other payables	20,583
Unions withholding tax	297
M&M withholding tax to be paid	5,847
Amounts due to employees following settlement agreement	14,439
Other amounts payable towards banks	2.47
Payable to Sanpaolo	2.47
Suppliers of goods and services	237.77
Suppliers	240.80
Credit notes to be received	(3.03)
Rounding	0.00

**In Euros**

Invoices to be received	163.61
Invoices to be received	163.61
Withholding taxes payable	31.92
Withholding taxes on employee salaries	27.26
Withholding taxes on self-employed workers salaries	0.56
Withholding taxes payable following settlement agreement	4.10
Other	0.00
Social contributions	81.47
Social contributions employees	32.65
Social contributions INPS Treasury Fund	4.68
Social contributions payable employees	43.87
Employee withholding tax following settlement agreement	0.27
Other entities	11.45
Other entities management contributions	0.06
INAIL payable employees	0.50
Other entities Fondest	0.30
Other entities directors withholding taxes	8.68
Other entities Fon.Te	0.77
Other entities complementary pension	1.14
Amounts payable to employees for holidays not taken, deferred remuneration and bonuses earned	233.56
Amounts due employees	71.66
Amounts payable to employees	151.90
Other payables	15.43
Unions withholding tax	0.22
M&M withholding tax to be paid	4.38
Amounts due to employees following settlement agreement	10.82

**Breakdown of accounts payable by geographical area**

With the exception of the M&M withholding tax to be paid which is applied to transactions with India, all the other payables relate to transactions with Italian residents.

**Loans provided by the company's shareholders.**

The company has not received any loans from the shareholders.

**Accrued liabilities and deferred income**
**In Euros**

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
25,459	7,882	17,577

**Rupees/Lakhs**

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
19.09	5.91	13.18

In Euros	Balance at beginning of year	Change during year	Balance at end of year
Accrued liabilities	2,067	(77)	1,990
Other deferred income	5,815	17,654	23,469
<b>Total accrued liabilities and deferred income</b>	<b>7,882</b>	<b>17,577</b>	<b>25,459</b>

Rupees /Lakhs	Balance at beginning of year	Change during year	Balance at end of year
Accrued liabilities	1.55	(0.06)	1.49
Other deferred income	4.36	13.24	17.59
<b>Total accrued liabilities and deferred income</b>	<b>5.91</b>	<b>13.18</b>	<b>19.09</b>

#### Accruals and deferrals

Accrued liabilities and deferred income have been determined in accordance with the accruals concept.

They represent amounts relating to the financial year and accounted for on an accruals basis.

As at 31/03/2016 there are no accruals and deferrals with a duration of more than five years.

The balance is made up as follows:

Euros	
Due within one year	1,990
Accrued liabilities	1,990
Due within one year	23,469
Deferred income	23,469

Rupee/Lakhs	
Due within one year	1.49
Accrued liabilities	1.49
Due within one year	17.59
Deferred income	17.59

#### Commitments arising from off balance sheet and memorandum accounts

#### Disclosures relating to agreements not disclosed in the balance sheet

The company has no agreements that are not disclosed in the Balance Sheet.

#### Notes to the accounts Profit and loss account

##### In Euros

##### A) Production value

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
4,163,504	3,542,649	620,855

Description	31/03/2016	31/03/2015	Change
Revenues from sales and services	4,098,121	3,429,504	668,617
Other revenues and income	65,383	113,145	(47,762)
	<b>4,163,504</b>	<b>3,542,649</b>	<b>620,855</b>

##### Rupee/Lakhs

##### A) Production value

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
3,121.38	2,655.92	465.45

Description	31/03/2016	31/03/2015	Change
Revenues from sales and services	3,072.36	2,571.10	501.26
Other revenues and income	49.02	84.82	(35.81)
	<b>3,121.38</b>	<b>2,656.92</b>	<b>465.45</b>

#### Production value

##### Recognition of revenues

Revenues from product sales are recognised upon transfer of ownership, which normally coincides with the delivery or shipment of goods.

Revenues from services are recognised on an accrual basis.

##### Breakdown of revenues from sales and services by business category

##### Revenues by business category

##### Euros

Business category	Current year value
Sales of finished goods	35,837
Provision of services	4,062,284
<b>Total</b>	<b>4,098,121</b>

##### Rupee/Lakhs

Business category	Current year value
Sales of finished goods	26.87
Provision of services	3,045.49
<b>Total</b>	<b>3,072.36</b>

##### Breakdown of revenues from sales and services by geographical area

##### Euros

Geographical area	Current year value
Italy	1,369,339
India	154,452
USA	2,132,883
EU	66,720
Non-EU	374,727
<b>Total</b>	<b>4,098,121</b>

##### Rupee/Lakhs

Geographical area	Current year value
Italy	1,026.59
India	115.79
USA	1,599.02
EU	50.02
Non-EU	280.93
<b>Total</b>	<b>3,072.36</b>

A breakdown of revenues by geographical area is provided below:

**In Euros**

Description	INDIA	USA	EU	Non-EU	Italy	Total
Provision of services	154,452	2,097,046	66,720	374,727	1,369,339	4,062,284
Sale of finished goods		35,837				35,837
Reimbursement of expenses	52,464	11,922			727	65,113
Normal gains on disposals					270	270
<b>Total</b>	<b>206,916</b>	<b>2,144,805</b>	<b>66,720</b>	<b>374,727</b>	<b>1,370,336</b>	<b>4,163,504</b>

**Rupee/Lakhs**

Description	INDIA	USA	EU	Non-EU	Italy	Total
Provision of services	115.79	1,572.16	50.02	280.93	1,026.59	3,045.49
Sale of finished goods	-	26.87	-	-	-	26.87
Reimbursement of expenses	39.33	8.94	-	-	0.55	48.82
Normal gains on disposals	-	-	-	-	0.20	0.20
<b>Total</b>	<b>155.12</b>	<b>1,607.96</b>	<b>50.02</b>	<b>280.93</b>	<b>1,027.34</b>	<b>3,121.38</b>

**Production costs**

**In Euros**

**B) Production costs**

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
4,108,262	3,996,739	111,523

Description	31/03/2016	31/03/2015	Change
Raw materials, subsidiary materials, consumables and goods	31,234	20,871	10,363
Services	1,400,521	1,272,591	127,930
Rent/lease	120,702	140,975	(20,273)
Salaries and wages	1,562,240	1,630,214	(67,974)
Social contributions	500,274	513,465	(13,191)
Employees' leaving indemnity	116,706	118,691	(1,985)
Other personnel costs	84,834	6,572	78,262
Amortisation of intangible assets	241,169	239,945	1,224
Depreciation of tangible fixed assets	25,039	23,522	1,517
Write-down of accounts receivable recorded in current assets	2,500	5,500	(3,000)
Other operating costs	23,043	24,393	(1,350)
	<b>4,108,262</b>	<b>3,996,739</b>	<b>111,523</b>

**Rupees /Lakhs**

**B) Production costs**

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
3,079.96	2996.36	83.61

Description	31-03-2016	31-03-2015	Change
Raw materials, subsidiary materials, consumables and goods	23.42	15.65	7.77
Services	1,049.97	954.06	95.91
Rent/lease	90.49	105.69	(15.20)
Salaries and wages	1,171.21	1,222.17	(50.96)
Social contributions	375.06	384.94	(9.89)
Employees' leaving indemnity	87.49	88.98	(1.49)
Other personnel costs	63.60	4.93	58.67
Amortisation of intangible assets	180.80	179.89	0.92
Depreciation of tangible fixed assets	18.77	17.63	1.14
Write-down of accounts receivable recorded in current assets	1.87	4.12	(2.25)
Other operating costs	17.28	18.29	(1.01)
	<b>3,079.96</b>	<b>2,996.36</b>	<b>83.61</b>

**Cost of raw materials, subsidiary materials, consumables and goods and Cost of services**

The following table shows details and variations of the items that make up the total.

**In Euros**

Description	2016	2015	Change	Change %
<b>For raw materials, subsidiary materials, consumables and goods</b>	<b>31,234</b>	<b>20,871</b>	<b>10,363</b>	<b>50%</b>
Consumables	0	405	(405)	(100%)
Fuels and lubricants	99	727	(628)	(86%)
Other purchases	29,925	18,191	11,734	65%
Goods with a value not exceeding € 516.46	1,210	1,548	(338)	(22%)

Description	2016	2015	Change	Change %
<b>For services</b>	<b>1,400,521</b>	<b>1,272,591</b>	<b>127,930</b>	<b>10%</b>
Transport	336	1,388	(1,052)	(76%)
Outsourced processing	785,524	699,056	86,468	12%
Electricity	14,467	15,512	(1,045)	(7%)
Gas	12,140	7,628	4,512	59%
Water	956	1,482	(527)	(36%)
Reimbursement of employee expenses	10,956	8,585	2,371	28%
External maintenance plant and machinery	3,426	3,815	(389)	(10%)
Technical consultancy	46,386	2,993	43,393	1450%
Consultancy	178	4,595	(4,417)	(96%)
Fees paid to Statutory Auditors	0	7,467	(7,467)	(100%)
External cleaning	13,448	13,353	95	1%
Advertising	710	3,786	(3,076)	(81%)
Vehicle expenses	255	961	(706)	(73%)
Administrative services	34,660	36,666	(2,006)	(5%)
Technical service fees	355,252	337,933	17,318	5%
Legal and consultancy fees	15,437	2,080	13,357	642%
Telephone expenses	61,458	65,500	(4,042)	(6%)
Postage costs	424	645	(221)	(34%)
Charges for banking services	2,720	2,554	166	6%
Insurance	5,858	4,869	989	20%
Entertainment expenses	1,493	3,243	(1,750)	(54%)
Travel expenses	12,147	8,698	3,449	40%
Training costs	440	22,618	(22,178)	(98%)
Service costs	0	153	(153)	(100%)
Audit fees	17,850	17,010	840	5%
Recruitment costs	4,000	0	4,000	

**Rupees/lakhs**

Description	2016	2015	Change	Change%
<b>For raw materials, subsidiary materials, consumables and goods</b>	<b>23.42</b>	<b>15.65</b>	<b>7.77</b>	<b>50%</b>
Consumables	–	0.30	(0.30)	(100%)
Fuels and lubricants	0.07	0.55	(0.47)	(86%)
Other purchases	22.43	13.64	8.80	65%
Goods with a value not exceeding € 516.46	0.91	1.16	(0.25)	(22%)

Description	2016	2015	Change	Change %
<b>For services</b>	<b>1,049.97</b>	<b>954.06</b>	<b>95.91</b>	<b>10%</b>
Transport	0.25	1.04	(0.79)	(76%)
Outsourced processing	588.91	524.08	64.83	12%
Electricity	10.85	11.63	(0.78)	(7%)
Gas	9.10	5.72	3.38	59%
Water	0.72	1.11	(0.39)	(36%)
Reimbursement of employee expenses	8.21	6.44	1.78	28%
External maintenance plant and machinery	2.57	2.86	(0.29)	(10%)
Technical consultancy	34.78	2.24	32.53	1450%
Consultancy	0.13	3.44	(3.31)	(96%)
Fees paid to Statutory Auditors	–	5.60	(5.60)	(100%)
External cleaning	10.08	10.01	0.07	1%
Advertising	0.53	2.84	(2.31)	(81%)
Vehicle expenses	0.19	0.72	(0.53)	(73%)
Administrative services	25.98	27.49	(1.50)	(5%)
Technical service fees	266.33	253.35	12.98	5%
Legal and consultancy fees	11.57	1.56	10.01	642%
Telephone expenses	46.08	49.11	(3.03)	(6%)
Postage costs	0.32	0.48	(0.17)	(34%)
Charges for banking services	2.04	1.91	0.12	6%
Insurance	4.39	3.65	0.74	20%
Entertainment expenses	1.12	2.43	(1.31)	(54%)
Travel expenses	9.11	6.52	2.59	40%
Training costs	0.33	16.96	(16.63)	(98%)
Service costs	–	0.11	(0.11)	(100%)
Audit fees	13.38	12.75	0.63	5%
Recruitment costs	3.00	–	3.00	

**Rent/lease costs**
**In Euros**

Description	2016	2015	Change	Change %
<b>For rentals and leases</b>	<b>120,702</b>	<b>140,975</b>	<b>(20,273)</b>	<b>(14%)</b>
Rentals and leases	81,339	80,352	987	1%
Operating leases	1,000	7,350	(6,350)	(86%)
Finance leases	13,071	27,981	(14,910)	(53%)
Royalties, copyrights and patents	25,292	25,291	1	0%

**Rupee/lakhs**

Description	2016	2015	Change	Change%
<b>For rentals and leases</b>	<b>90.49</b>	<b>105.59</b>	<b>(15.20)</b>	<b>(14%)</b>
Rentals and leases	60.98	60.24	0.74	1%
Operating leases	0.75	5.51	(4.76)	(86%)
Finance leases	9.80	20.98	(11.18)	(53%)
Royalties, copyrights and patents	18.96	18.96	0	0%

**Personnel costs**

The following table shows details and variations of the items that make up the total.

**In Euros**

Description	2016	2015	Change	Change %
<b>For personnel</b>	<b>2,264,054</b>	<b>2,268,942</b>	<b>(4,888)</b>	<b>0%</b>
Salaries and wages	1,562,240	1,630,214	(67,974)	(4%)
Remuneration in cash	1,562,240	1,630,214	(67,974)	(4%)
Social contributions	500,274	513,465	(13,191)	(3%)
Employer's social security contributions	446,015	458,425	(12,410)	(3%)
Employer's welfare contributions	4,680	3,450	1,230	36%
Other social security charges	49,579	51,590	(2,011)	(4%)
Employees' leaving indemnity	116,706	118,691	(1,985)	(2%)
Other costs	84,834	6,572	78,262	1,191%
Transactions with employees	80,914	0	80,914	
Fringe benefits	0	2,402	(2,402)	(100%)
Other	3,920	4,170	(250)	(6%)

**Rupee/Lakhs**

Description	2016	2015	Change	Change %
<b>For personnel</b>	<b>1,697.36</b>	<b>1,701.03</b>	<b>(3.66)</b>	<b>0%</b>
Salaries and wages	1,171.21	1,222.17	(50.96)	(4%)
Remuneration in cash	1,171.21	1,222.17	(50.96)	(4%)
Social contributions	375.06	384.94	(9.89)	(3%)
Employer's social security contributions	334.38	343	(9)	(3%)
Employer's welfare contributions	3.51	2.59	0.92	36%
Other social security charges	37.17	38.68	(1.51)	(4%)
Employees' leaving indemnity	87.49	0	87.49	(2%)
Other costs	63.60	5	58.67	1191%
Transactions with employees	60.66	0	60.66	
Fringe benefits	0	1.80	(1.80)	(100%)
Other	2.94	3.13	(0.19)	(6%)

**Amortisation and depreciation of fixed assets**

Amortisation and depreciation are calculated based on the useful life of the asset and its use in production.

The following table shows details and variations of the items that make up the total.

**In Euro**

Description	2016	2015	Change	Change %
<b>Amortisation, depreciation and write-downs</b>	<b>268.708</b>	<b>268.967</b>	<b>(259)</b>	<b>0%</b>
Amortisation of intangible fixed assets	241.169	239.945	1.224	1%
Amortisation intellectual property rights	14.841	13.617	1.224	9%
Amortisation goodwill	220.346	220.346	0	0%
Amortisation other intangible fixed assets	5.982	5.982	0	0%
Depreciation of tangible fixed assets	25.039	23.522	1.517	6%
Ordinary depreciation plant and machinery	0	44	(44)	(100%)
Ordinary depreciation industrial and commercial equipment	1.248	3.465	(2,217)	(64%)
Ordinary depreciation other fixed assets	23.792	20.014	3.778	19%

**Rupee/Lakhs**

Description	2016	2015	Change	Change %
<b>Amortisation, depreciation and write-downs</b>	<b>201.45</b>	<b>201.64</b>	<b>(0.19)</b>	<b>0%</b>
Amortisation of intangible fixed assets	180.80	179.89	0.92	1%
Amortisation intellectual property rights	11.13	10.21	0.92	9%
Amortisation goodwill	165.19	165.19	-	0%
Amortisation other intangible fixed assets	4.48	4.48	-	0%
Depreciation of tangible fixed assets	18.77	17.63	1.14	6%
Ordinary depreciation plant and machinery	-	0.03	(0.03)	(100%)
Ordinary depreciation industrial and commercial equipment	0.94	2.60	(1.66)	(64%)
Ordinary depreciation other fixed assets	17.84	15.00	2.83	19%

**Write-down of accounts receivable recorded in current assets**
**In Euros**

Description	2016	2015	Change	Change%
<b>Write-down of accounts receivable in current assets</b>	<b>2,500</b>	<b>5,500</b>	<b>(3,000)</b>	<b>(55%)</b>

**Rupee/lakhs**

Description	2016	2015	Change	Change %
<b>Write-down of accounts receivable in current assets</b>	<b>1.87</b>	<b>4.12</b>	<b>(2.25)</b>	<b>(55%)</b>

**Other operating costs**

The following table shows details and variations of the items that make up the total.

**In Euro**

Description	2016	2015	Change	Change %
<b>Other operating costs</b>	<b>23,043</b>	<b>24,393</b>	<b>(1,350)</b>	<b>(6%)</b>
Road taxes	244	230	14	6%
Other taxes	9,045	9,831	(786)	(8%)
Contributions to trade unions and industry associations	3,541	4,545	(1,004)	(22%)
Subscriptions to newspapers and periodicals	1,180	1,609	(429)	(27%)
Gifts for customers	1,504	1,203	301	25%
Ordinary losses on disposals of fixed assets	832	0	832	
Stationery	1,823	2,413	(590)	(24%)
Miscellaneous costs	4,011	3,422	589	17%
Accrued costs	785	1,012	(227)	(22%)
Non-deductible costs	78	128	(50)	(39%)

**Rupee/lakhs**

Description	2016	2015	Change	Change %
<b>Other operating costs</b>	<b>17.28</b>	<b>18.29</b>	<b>(1.01)</b>	<b>(6%)</b>
Road taxes	0.18	0.17	0.01	6%
Other taxes	6.78	7.37	(0.59)	(8%)
Contributions to trade unions and industry associations	2.65	3.41	(0.75)	(22%)
Subscriptions to newspapers and periodicals	0.88	1.21	(0.32)	(27%)
Gifts for customers	1.13	0.90	0.23	25%
Ordinary losses on disposals of fixed assets	0.62	–	0.62	
Stationery	1.37	1.81	(0.44)	(24%)
Miscellaneous costs	3.01	2.57	0.44	17%
Accrued costs	0.59	0.76	(0.17)	(22%)
Non-deductible costs	0.06	0.10	(0.04)	(39%)

**Financial income and expenses**
**In Euros**
**C) Financial income and expenses**

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
(5,187)	(6,296)	1,109

**Rupee/lakhs**

Balance as at 31/03/2016	Balance as at 31/03/2015	Change
(3.89)	(4.72)	0.83

Financial income and expenses are recognised on an accruals basis in relation to the amount accruing in the financial year.

**Breakdown of interest and other financial expenses by type of debt**
**Interest and other financial expenses**
**In Euros**

Description	Other	Total
Bank interest	5,292	5,292
Supplier interest	90	90
Financial discounts and charges	213	213
	<b>5,595</b>	<b>5,595</b>

**Rupee/lakhs**

Description	Other	Total
Bank interest	3.97	3.97
Supplier interest	0.07	0.07
Financial discounts and charges	0.16	0.16
	<b>4.19</b>	<b>4.19</b>

**In Euros**

	Interest and other financial expenses
Amounts owed to banks	5,505
Other	90
<b>Total</b>	<b>5,595</b>

**Rupee/lakhs**

	Interest and other financial expenses
Amounts owed to banks	4.13
Other	0.07
<b>Total</b>	<b>4.19</b>

**Other financial income**
**In Euro**

Description	Other	Total
Interest on bank and postal accounts	71	71
Other income	338	338
Rounding	(1)	(1)
	<b>408</b>	<b>408</b>



Rupee/lakhs		
Description	Other	Total
Interest on bank and postal accounts	0.05	0.05
Other income	0.25	0.25
Rounding	0.00	0.00
	<b>0.31</b>	<b>0.31</b>

**Financial income**

In Euro			
Description	31/03/2016	31/03/2015	Change
From securities recorded in current assets		318	(318)
Other income different than the above	408	360	48
(Interest and other financial expenses)	(5,595)	(6,974)	1,379
	<b>(5,187)</b>	<b>(6,296)</b>	<b>1,109</b>

Rupee/lakhs			
Description	31/03/2016	31/03/2015	Change
From securities recorded in current assets	0.00	0.24	(0.24)
Other income different than the above	0.31	0.27	0.04
(Interest and other financial expenses)	(4.19)	(5.23)	1.03
	<b>(3.89)</b>	<b>(4.72)</b>	<b>0.83</b>

**Extraordinary income and costs**

Euros			
E) Extraordinary income and costs			
Balance as at 31/03/2016	Balance as at 31/03/2015	Change	
5,776	–	5,776	

Rupee/lakhs			
E) Extraordinary income and costs			
Balance as at 31/03/2016	Balance as at 31/03/2015	Change	
4.33	–	4.33	

Euros			
Description	31/03/2016	Previous year	31/03/2015
Other extraordinary income	5,777	Other extraordinary income	
Total income	5,777	Total income	
Other	(1)	Other	
	<b>5,776</b>		

Rupee/Lakhs			
Description	31-03-2016	Previous year	31-03-2015
Other extraordinary income	4.33	Other extraordinary income	
Total income	4.33	Total income	
Other	(1)	Other	
	<b>3.33</b>		

**Taxes on income for the year – current, deferred**
**Current, deferred taxes**
**Income tax**

Taxes are accounted for on an accruals basis and therefore represent:

- provisions for taxes paid or to be paid for the year, determined in accordance with the rates and regulations in force
- the amount of taxes deferred or paid in advance in respect of temporary differences arising or reversed during the year

Tax payable is recorded under tax payables net of payments on account, withholding taxes and, generally, of tax credits.

Deferred IRES is calculated on the temporary differences between the carrying amounts of assets and liabilities determined according to statutory criteria and the corresponding tax values.

Deferred IRAP is calculated on the temporary differences between the carrying amounts of assets and liabilities determined according to statutory criteria and the corresponding tax values solely with reference to the company.

Current and deferred IRAP is determined solely with reference to the company.

**Euros**

Income tax for the year			
Balance as at 31/03/2016	Balance as at 31/03/2015	Change	
46,665	(558)	47,223	

**Rupee/Lakhs**

Income tax for the year			
Balance as at 31/03/2016	Balance as at 31/03/2015	Change	
34.98	(0.42)	35.40	

**Euros**

Tax	Balance at 31/03/2016	Balance at 31/03/2015	Change
<b>Current tax:</b>	48,957	142,644	(93,687)
IREs	4,408		4,408
IRAP	27,672	39,915	(12,243)
Other taxes	16,877	102,729	(85,852)
Deferred tax	(2,292)	(143,202)	140,910
IREs	1,528	(139,383)	140,911
IRAP	(3,819)	(3,819)	
<b>Income (expenses) from tax consolidation/tax transparency regimes</b>	<b>46,665</b>	<b>(558)</b>	<b>47,223</b>

<b>Rupee/Lakhs</b>			
<b>Tax</b>	<b>Balance at 31/03/2016</b>	<b>Balance at 31/03/2015</b>	<b>Change</b>
<b>Current tax:</b>	36.70	106.94	(70.24)
IRES	3.30	0.00	3.30
IRAP	20.75	29.92	(9.18)
Other taxes	12.65	77.02	(64.36)
Deferred tax	(1.72)	(107.36)	105.64
IRES	1.15	(104.50)	105.64
IRAP	(2.86)	(2.86)	0
<b>Income (expenses) from tax consolidation/tax transparency regimes</b>			
	<b>34.98</b>	<b>(0.42)</b>	<b>35,40</b>

Taxes on income for the period have been recorded.

The following table provides the reconciliation between the theoretical charge resulting from the financial statements and the theoretical tax charge:

#### Reconciliation between tax charge and theoretical tax charge (IRES)

<b>In Euros</b>			
<b>Description</b>	<b>Balance</b>	<b>Tax</b>	
<b>Profit before tax:</b>	38,954		
Theoretical tax charge (%)	27.5	15,354	
Income add backs	118,008		
Income subtractions	(32,681)		
<b>Income</b>	<b>124,281</b>		
Brought forward losses	(99,425)		
ACE	(8,827)		
<b>Taxable income</b>	<b>16,029</b>		
Current income tax for the year			<b>4,408</b>

<b>Rupee/lakhs</b>			
<b>Description</b>	<b>Balance</b>	<b>Tax</b>	
<b>Profit before tax:</b>	<b>29.20</b>		
Theoretical tax charge (%)	0.02	11.51	
Income add backs	88.47		
Income subtractions	(24.50)		
<b>Income</b>	<b>93.17</b>		
Brought forward losses	(74.54)		
ACE	(6.62)		
<b>Taxable income</b>	<b>12.02</b>		
Current income tax for the year			<b>3</b>

#### Determination of taxable income for IRAP purposes

<b>Euros</b>			
<b>Description</b>	<b>Balance</b>	<b>Tax</b>	
Difference between production value and cost:	2,321,796		
Costs not recognised for IRAP purposes	99,175		
	<b>2,420,971</b>		

<b>Euros</b>			
Theoretical tax charge (%)	3.9	94,418	
Deduction for labour cost	(1,711,435)		
<b>Taxable income for IRAP purposes</b>	<b>709,536</b>		
Current IRAP for the year			27,672

<b>Rupee /Lakhs</b>			
<b>Description</b>	<b>Balance</b>	<b>Tax</b>	
Difference between production value and cost:	1,740.65		
Costs not recognised for IRAP purposes	74.35		
	<b>1,815.00</b>		
Theoretical tax charge (%)	0.00	70.79	
Deduction for labour cost	(1,283.06)		
<b>Taxable income for IRAP purposes</b>	<b>531.94</b>		
Current IRAP for the year			20.75

The balance is made up as follows:

<b>Euros</b>			
Other taxes			16,877
Foreign taxes			16,877

<b>Rupee/Lakhs</b>			
Other taxes			12.65
Foreign taxes			12.65

Pursuant to article 2427, first paragraph no. 14, of the Italian Civil Code the disclosures required in relation to deferred taxes are given below:

#### Deferred taxes

Deferred tax assets have been recognised to the extent that there is a reasonable certainty that in the years in which the temporary differences against which deferred tax assets were recognised are reversed, the company will have a taxable income that is not lower than the amount of the differences to be offset.

The main temporary differences that led to the recognition of deferred tax assets and liabilities are shown in the following table together with the related effects.

#### Breakdown of deferred taxes and the related effects:

	year ended 31/03/2016		year ended 31/03/2015	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
<b>IRES deferred tax assets:</b>				
Unpaid contributions to trade unions and waste tax	91	25	(33)	(9)
Non-deductible portion of amortisation on intangible fixed assets	97,932	26,931	97,932	26,931
Costs relating to other financial years			(10,343)	(2,844)
Deferred tax assets on losses and surplus ACE		(28,484)		115,305
<b>Total</b>		<b>(1,528)</b>	<b>87,556</b>	<b>139,383</b>

**Rupee/Lakhs**

	year ended 31/03/2016		year ended 31/03/2015	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
<b>IRES deferred tax assets:</b>				
Unpaid contributions to trade unions and waste tax	0.07	0.02	(0.02)	(0.01)
Non-deductible portion of amortisation on intangible fixed assets	73.42	20.19	73.42	20.19
Costs relating to other financial years	0.00	0.00	(7.75)	(2.13)
Deferred tax assets on losses and surplus ACE	0.00	(21.35)	0.00	86.44
<b>Total</b>	<b>73.49</b>	<b>(1.15)</b>	<b>65.64</b>	<b>104.50</b>

**In Euros**

	year ended 31/03/2016		year ended 31/03/2015	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
<b>IRES deferred tax assets:</b>				
Non-deductible portion of amortisation on intangible fixed assets	97,932	3,819	97,932	3,819
<b>Total</b>	<b>97,932</b>	<b>3,819</b>	<b>97,932</b>	<b>3,819</b>

**Rupee/Lakhs**

	year ended 31/03/2016		year ended 31/03/2015	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
<b>IRES deferred tax assets:</b>				
Non-deductible portion of amortisation on intangible fixed assets	73.42	2.86	73.42	2.86
<b>Total</b>	<b>73.42</b>	<b>2.86</b>	<b>73.42</b>	<b>2.86</b>

**Notes to the accounts Cash Flow**

Pursuant to Italian Accounting Principle OIC no. 10, disclosures relating to cash flows are detailed below

**In Euros**

Schedule no 1 Cash flow from operating activities determined using the indirect method	31-03-2016	31-03-2016
<b>A) Cash flows from operating activities (indirect method)</b>		
<b>Profit (loss) for the year</b>	<b>9,166</b>	<b>(459,828)</b>
Taxes on income	46,665	(558)
Interest paid/(received)	5,187	6,296
(Dividends)		
(Gains)/losses from the sale of assets	0	0
<b>1) Profit (loss) for the year before tax, interest, dividends and gains and losses on disposals</b>	<b>61,018</b>	<b>(454,090)</b>
Adjustments for non-cash items that do not have an effect on working capital		
Additions to provisions	2,500	10,386
Amortisation and depreciation of fixed assets	266,208	263,467
Write-downs for impairment losses	0	0
Other adjustments for non-cash items		

**In Euros**

<b>2) Cash flow from operating activities before changes in working capital</b>	<b>268,708</b>	<b>273,853</b>
Changes in working capital		
Decrease/(Increase) in inventory	0	0
Decrease/(Increase) in trade receivables	587,754	(867,681)
Increase/(Decrease) in trade payables	(100,135)	(17,059)
Decrease/(Increase) in accrued income and prepaid expenses	(7,216)	(7,224)
Increase/(Decrease) in accrued liabilities and deferred income	17,577	5,041
Other Decreases/(Other Increases) in working capital	70,137	728,572
<b>3) Cash flow from operating activities after changes in working capital</b>	<b>568,117</b>	<b>(158,351)</b>
Other adjustments		
Interest received/(paid)	(5,187)	(6,296)
(Taxes on income paid)	(32,220)	(32,981)
Dividends received		
(Utilisation of provisions)	(2,223)	(9,582)
<b>4) Cash flow from operating activities after other adjustments</b>	<b>(39,630)</b>	<b>(48,859)</b>
<b>Cash flow from operating activities (A)</b>	<b>858,213</b>	<b>(387,447)</b>
<b>B) Cash flow from investing activities</b>		
<b>Tangible fixed assets</b>	<b>(6,447)</b>	<b>(41,219)</b>
(Investments)	6,447	41,219
Proceeds from disposals	0	0
<b>Intangible fixed assets</b>	<b>(6,121)</b>	<b>(21,300)</b>
(Investments)	6,121	21,300
Proceeds from disposals	0	0
<b>Financial fixed assets</b>	<b>0</b>	<b>0</b>
(Investments)	0	0
Proceeds from disposals	0	0
<b>Non capitalised financial assets</b>	<b>0</b>	<b>0</b>
(Investments)	0	0
Proceeds from disposals	0	0
<b>Cash flows from investing activities (B)</b>	<b>(12,568)</b>	<b>(62,519)</b>
<b>C) Cash flow from financing activities</b>		
Third-party funding		
Increase/(Decrease) short-term bank payables	(136,591)	139,617
New loan agreements	0	0
Repayment of loans	0	0
Capital funds		
Capital increases	0	0
Sale (purchase) of own shares	0	0
Dividends (and interim dividends) paid	2	(1)
<b>Cash flow from financing activities (C)</b>	<b>(136,589)</b>	<b>139,616</b>
<b>Increase (decrease) in liquid assets (A ± B ± C)</b>	<b>709,056</b>	<b>(310,350)</b>
<b>Liquid assets at 1 April</b>	<b>100,702</b>	<b>411,052</b>
<b>Liquid assets at 31 March</b>	<b>809,758</b>	<b>100,702</b>

**Rupee Lakhs**

Schedule no 1 Cash flow from operating activities determined using the indirect method

**31-03-2016 31-03-2015**
**A) Cash flows from operating activities (indirect method)**

<b>Profit (loss) for the year</b>	<b>6.87</b>	<b>(344.73)</b>
Taxes on income	34.98	(0.42)
Interest paid/(received)	3.89	4.72
(Dividends)		
(Gains)/losses from the sale of assets	-	-
<b>1) Profit (loss) for the year before tax, interest, dividends and gains and losses on disposals</b>	<b>45.75</b>	<b>(340.43)</b>
Adjustments for non-cash items that do not have an effect on working capital		
Additions to provisions	1.87	7.79
Amortisation and depreciation of fixed assets	199.58	197.52
Write-downs for impairment losses	-	-
Other adjustments for non-cash items		
<b>2) Cash flow from operating activities before changes in working capital</b>	<b>201.45</b>	<b>205.31</b>
Changes in working capital		
Decrease/(Increase) in inventory	-	-
Decrease/(Increase) in trade receivables	440.64	(650.50)
Increase/(Decrease) in trade payables	(75.07)	(12.79)
Decrease/(Increase) in accrued income and prepaid expenses	(5.41)	(5.42)
Increase/(Decrease) in accrued liabilities and deferred income	13.18	3.78
Other Decreases/(Other Increases) in working capital	52.58	546.21
<b>3) Cash flow from operating activities after changes in working capital</b>	<b>425.92</b>	<b>(118.72)</b>
Other adjustments		
Interest received/(paid)	(3.89)	(4.72)
(Taxes on income paid)	(24.16)	(24.73)
Dividends received		
(Utilisation of provisions)	(1.67)	(7.18)
<b>4) Cash flow from operating activities after other adjustments</b>	<b>(29.71)</b>	<b>(36.63)</b>
<b>Cash flow from operating activities (A)</b>	<b>643.40</b>	<b>(290.47)</b>
<b>B) Cash flow from investing activities</b>		
<b>Tangible fixed assets</b>	<b>(4.83)</b>	<b>(30.90)</b>
(Investments)	(4.83)	(30.90)
Proceeds from disposals	-	-
<b>Intangible fixed assets</b>	<b>(4.59)</b>	<b>(15.97)</b>
(Investments)	(4.59)	(15.97)
Proceeds from disposals	-	-
<b>Financial fixed assets</b>	<b>-</b>	<b>-</b>

**Rupee Lakhs**

(Investments)	-	-
Proceeds from disposals	-	-
<b>Non capitalised financial assets</b>	<b>0</b>	<b>0</b>
(Investments)	0	0
Proceeds from disposals	0	0
<b>Cash flows from investing activities (B)</b>	<b>(9.42)</b>	<b>(46.87)</b>
<b>C) Cash flow from financing activities</b>		
Third-party funding		
Increase/(Decrease) short-term bank payables	(102.40)	(104.67)
New loan agreements	-	-
Repayment of loans	-	-
Capital funds		
Capital increases	-	-
Sale (purchase) of own shares	-	-
Dividends (and interim dividends) paid	0.00	0.00
<b>Cash flow from financing activities (C)</b>	<b>(102.40)</b>	<b>104.67</b>
<b>Increase (decrease) in liquid assets (A ± B ± C)</b>	<b>531.58</b>	<b>(232.67)</b>
<b>Liquid assets at 1 April</b>	<b>75.50</b>	<b>308.17</b>
<b>Liquid assets at 31 March</b>	<b>607.08</b>	<b>75.50</b>

**Notes to the accounts Other disclosures**
**Employment data**

The average headcount, broken down by category, has changed compared to the previous year as follows:

Headcount	31/03/2016	31/03/2015	Change
Executives	3	3	
Employees	33	33	
Other	-	2	(2)
	<b>36</b>	<b>38</b>	<b>(2)</b>

**Directors and auditors fees**
**Other disclosures**

In accordance with law we note that no fees were paid to directors

**Statutory auditor or audit firm fees**
**Disclosures relating to fees paid to the statutory auditor**

In accordance with law we note that the fees paid for the services of the auditing firm Deloitte & Touche S.p.a. for the year were € 17,850 (Rs Lakhs 13.38)

**Categories of shares issued by the company**

Euros		
Description	Closing balance, number	Closing balance, nominal value
Shares	1	960,000

Rupee/Lakhs		
Description	Closing balance, number	Closing balance, nominal value
Shares	1	719.71

**Disclosures relating to financial instruments issued by the company**

The company has not issued any financial instruments

**Disclosures relating to the fair value of derivative financial instruments**

The company does not have any derivative financial instruments

**Summary data of the financial statements of the company that exercises management and coordination**
**Belonging to a group**

Your company is part of the MAHINDRA & MAHINDRA LTD group.

In the following summary the main data of the last approved balance sheet of that company which exercises management and coordination (article 2497-bis, fourth paragraph, Italian Civil Code).

In Euro	
Balance sheet	31/03/2015
A) Credits towards quota holders to be paid	
B) Fixed Assets	1,198,377,180
C) Current assets	1,496,927,283
D) Accrued income and prepaid expenses	15,288,206
E) Non current investment	1,680,866,095
F) Long term loans & advances	477,720,958
<b>Total assets</b>	<b>4,869,179,722</b>
Share capital	43,703,813
Reserves	2,311,303,577
Profit (loss) for the period	490,852,793
<b>Total shareholders' equity</b>	<b>2,845,860,183</b>
B) Risk funds	0
C) Employees' leaving indemnity	0
D) Accounts payable	793,001,774
E) Accrued liabilities and deferred income	1,230,317,765
<b>Total Liabilities</b>	<b>2,023,319,539</b>
<b>Income statement</b>	<b>31/03/2015</b>
A) Value of production	5,881,519,361.51
B) Cost of production	5,283,312,148.98
C) Financial Income & Expense	31,673,071.24
D) Impairment of financial assets	0
D) Extraordinary income and expense	(49,618,681.64)
Income Taxes	125,300,029.56
<b>Profit (loss) for the period</b>	<b>490,852,793.38</b>

Rupee/Lakhs	
Balance sheet	31/03/2015
A) Credits towards quota holders to be paid	0.00
B) Fixed Assets	8,98,423.37
C) Current assets	11,22,246.38
D) Accrued income and prepaid expenses	11,461.57
E) Non current investment	12,60,145.31
F) Long term loans & advances	3,58,147.40
<b>Total assets</b>	<b>36,50,424.04</b>
Share capital	32,764.75
Reserves	17,32,784.29
Profit (loss) for the period	3,67,992.34
<b>Total shareholders' equity</b>	<b>21,33,541.38</b>
B) Risk funds	0.00
C) Employees' leaving indemnity	0.00
D) Accounts payable	5,94,513.43
E) Accrued liabilities and deferred income	9,22,369.23
<b>Total Liabilities</b>	<b>15,16,882.66</b>
<b>Income statement</b>	<b>31/03/2015</b>
A) Value of production	44,09,375.07
B) Cost of production	39,60,899.12
C) Financial Income & Expense	23,745.30
D) Impairment of financial assets	0.00
E) Extraordinary income and expense	(37,199.13)
Income Taxes	93,937.43
<b>Profit (loss) for the period</b>	<b>3,67,992.34</b>

**Notes to the accounts final part**
**Disclosures relating to transactions carried out with related parties**

Any material transactions carried out by the company with related parties have been carried out under normal market conditions.

These financial statements, consisting of the balance sheet, income statement and notes to the accounts, give a true and fair view of the financial position and earnings for the year and reflect the underlying accounting records.

We suggest that the profit for the year of €9,166 (Rs In lakhs 6.87) should be used to partially cover the brought forward losses.

Chairman of the Board of Directors

**Pravin Kumar Shah**

Beinasco (TO). Italy  
May 12, 2016

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the next 12 months and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page herein.

The annual financial statements set out on pages herein, which have been prepared on the going concern basis, were approved by the board on 10<sup>th</sup> May, 2016 and were signed by:

**Dr Pawan Goenka**  
(Chairman)

**Kandasamy Chandrasekar**  
(Director)

**Avinash Bapat**  
(Director)

**Pravin Shah**  
(Director)

**Ashok Thakur**  
(Director)

**Sanjoy Gupta**  
(Director)

Pretoria  
10<sup>th</sup> May, 2016

## DIRECTORS' REPORT

The directors submit their report for the year ended 31<sup>st</sup> March, 2016.

### 1. Review of activities

#### Main business and operations

The company is engaged to pursue business opportunities in the automobile, automobile spare parts and other related sections and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

### 4. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

### 5. Dividends

The dividends already declared and paid to shareholder during the year are as reflected in the attached statement of changes in equity.

### 6. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Changes
Dr. Pawan Goenka (Chairman)	United States of America	–
Kandasamy Chandrasekar	Indian	–
Pravin Shah	Indian	–

Name	Nationality	Changes
Ashok Thakur	Indian	Appointed 27 <sup>th</sup> April, 2016
Avinash Bapat	Indian	Appointed 27 <sup>th</sup> April, 2016
Sanjoy Gupta	Indian	Appointed 27 <sup>th</sup> April, 2016
Ramesh Iyer	Indian	Resignation 10 <sup>th</sup> May, 2016
Tripathi Rajeshwar	Indian	Appointed 4 <sup>th</sup> May, 2015, Resignation 10 <sup>th</sup> May, 2016

### 7. Secretary

The Secretary of the Company is P Cilliers of:

Business address	434 Atterbury Road Menlo Park Pretoria 0081
Postal address	PO Box 35510 Menlo Park 0102

### 8. Holding company

The company's holding company is Mahindra & Mahindra Limited incorporated in India.

### 9. Auditors

Deloitte & Touché will continue in office in accordance with Section 90 of the Companies Act 71 of 2008.

<b>Dr Pawan Goenka</b> (Chairman)	<b>Kandasamy Chandrasekar</b> (Director)
--------------------------------------	---

<b>Avinash Bapat</b> (Director)	<b>Pravin Shah</b> (Director)
------------------------------------	----------------------------------

<b>Ashok Thakur</b> (Director)	<b>Sanjoy Gupta</b> (Director)
-----------------------------------	-----------------------------------

Pretoria  
10<sup>th</sup> May, 2016

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDER OF MAHINDRA AND MAHINDRA SOUTH AFRICA PROPRIETARY LIMITED**

We have audited the financial statements of Mahindra and Mahindra South Africa Proprietary Limited set out herein, which comprise the statement of financial position as at 31 March 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### **Directors' Responsibility for the Financial Statements**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mahindra and Mahindra South Africa Proprietary Limited at 31 March 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### **Other reports required by the Companies Act**

As part of our audit of the financial statements for the year ended 31 March 2016 we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements.

This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

**Deloitte & Touche**  
Registered Auditor  
Per: JC vd Walt  
Partner

Date: 10<sup>th</sup> May, 2016

Place: Pretoria, South Africa



**STATEMENT OF FINANCIAL POSITION**

	Note(s)	2016		2015	
		Rs.	ZAR	Rs.	ZAR
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment .....	3	32,577,648	7,337,308	20,923,247	4,712,443
Deferred tax .....	5	96,288,446	21,686,587	72,584,862	16,347,942
		<b>128,866,094</b>	<b>29,023,895</b>	<b>93,508,109</b>	<b>21,060,385</b>
<b>Current Assets</b>					
Inventories.....	7	745,634,877	167,935,783	585,813,422	131,939,960
Trade and other receivables .....	8	482,359,389	108,639,502	356,318,227	80,251,853
Cash and cash equivalents.....	9	301,393,962	67,881,523	235,929,270	53,137,223
		<b>1,529,388,227</b>	<b>344,456,808</b>	<b>1,178,060,919</b>	<b>265,329,036</b>
<b>Total Assets .....</b>		<b>1,658,254,321</b>	<b>373,480,703</b>	<b>1,271,569,029</b>	<b>286,389,421</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital.....	10	230,880,000	52,000,000	230,880,000	52,000,000
Foreign currency translation reserve .....		(3,783,954)	(852,242)	–	–
Retained income.....		519,613,142	117,029,987	457,058,937	102,941,202
		<b>746,709,188</b>	<b>168,177,745</b>	<b>687,938,937</b>	<b>154,941,202</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Deferred income .....	12	105,552,693	23,773,129	86,046,614	19,379,868
Provisions.....	13	103,228,366	23,249,632	97,660,584	21,995,627
		<b>208,781,059</b>	<b>47,022,761</b>	<b>183,707,198</b>	<b>41,375,495</b>
<b>Current Liabilities</b>					
Current tax payable .....		12,604,290	2,838,804	2,849,845	641,857
Trade and other payables .....	14	280,160,830	63,099,286	154,874,744	34,881,699
Deferred income .....	12	103,738,176	23,364,454	125,485,207	28,262,434
Provisions.....	13	154,665,522	34,834,577	116,713,099	26,286,734
Bank overdraft .....	9	151,595,257	34,143,076	–	–
		<b>702,764,075</b>	<b>158,280,197</b>	<b>399,922,895</b>	<b>90,072,724</b>
<b>Total Liabilities .....</b>		<b>911,545,134</b>	<b>205,302,958</b>	<b>583,630,092</b>	<b>131,448,219</b>
<b>Total Equity and Liabilities.....</b>		<b>1,658,254,321</b>	<b>373,480,703</b>	<b>1,271,569,029</b>	<b>286,389,421</b>

**STATEMENT OF COMPREHENSIVE INCOME**

	Note(s)	2016		2015	
		Rs.	ZAR	Rs.	ZAR
Revenue .....	16	3,162,303,029	712,230,412	3,042,596,326	685,269,443
Cost of sales .....	17	(2,674,284,185)	(602,316,258)	(2,555,294,294)	(575,516,733)
<b>Gross profit</b> .....		<b>488,018,844</b>	<b>109,914,154</b>	<b>487,302,032</b>	<b>109,752,710</b>
Other income .....		6,645,224	1,496,672	5,329,900	1,200,428
Operating expenses .....		(302,674,214)	(68,169,868)	(223,227,500)	(50,276,464)
<b>Operating profit</b> .....	18	<b>191,989,854</b>	<b>43,240,958</b>	<b>269,404,432</b>	<b>60,676,674</b>
Investment revenue .....	19	24,709,115	5,565,116	13,245,764	2,983,280
Finance paid .....	20	(8,610,191)	(1,939,232)	(4,056,078)	(913,531)
<b>Profit before taxation</b> .....		<b>208,088,778</b>	<b>46,866,842</b>	<b>278,594,118</b>	<b>62,746,423</b>
Taxation .....	21	(76,270,573)	(17,178,057)	(71,884,515)	(16,190,206)
<b>Profit for the year</b> .....		<b>131,818,205</b>	<b>29,688,785</b>	<b>206,709,603</b>	<b>46,556,217</b>
<b>Other comprehensive income</b> .....		-	-	-	-
Exchange differences on translating foreign operations .....		(3,783,954)	(852,242)	-	-
<b>Total comprehensive income</b> .....		<b>128,034,251</b>	<b>28,836,543</b>	<b>206,709,603</b>	<b>46,556,217</b>

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Foreign currency translation reserve R	Retained income	Total equity
Rupee				
<b>Balance at 1<sup>st</sup> April, 2014</b> .....	<b>230,880,000</b>	-	<b>308,069,333</b>	<b>538,949,333</b>
Changes in equity				
Restated total comprehensive income for the year .....	-	-	206,709,603	206,709,603
Dividends .....	-	-	(57,720,000)	(57,720,000)
Total changes .....	-	-	148,989,603	148,989,603
<b>Balance at 1<sup>st</sup> April, 2015</b> .....	<b>230,880,000</b>	-	<b>457,058,937</b>	<b>687,938,937</b>
Changes in equity				
Total comprehensive income for the year .....	-	(3,783,954)	131,818,205	128,034,251
Dividends .....	-	-	(69,264,000)	(69,264,000)
Total changes .....	-	(3,783,954)	62,554,205	58,770,251
<b>Balance at 31<sup>st</sup> March, 2016</b> .....	<b>230,880,000</b>	<b>(3,783,954)</b>	<b>519,613,142</b>	<b>746,709,188</b>
Note(s)	10	11		
<b>Rand</b>				
<b>Balance at 1<sup>st</sup> April, 2014</b> .....	<b>52,000,000</b>	-	<b>69,384,985</b>	<b>121,384,985</b>
Changes in equity				
Restated total comprehensive income for the year .....	-	-	46,556,217	46,556,217
Dividends .....	-	-	(13,000,000)	(13,000,000)
Total changes .....	-	-	33,556,217	33,556,217
<b>Balance at 1<sup>st</sup> April, 2015</b> .....	<b>52,000,000</b>	-	<b>102,941,202</b>	<b>154,941,202</b>
Changes in equity				
Total comprehensive income for the year .....	-	(852,242)	29,688,785	28,836,543
Dividends .....	-	-	(15,600,000)	(15,600,000)
Total changes .....	-	(852,242)	14,088,785	13,236,543
<b>Balance at 31<sup>st</sup> March, 2016</b> .....	<b>52,000,000</b>	<b>(852,242)</b>	<b>117,029,987</b>	<b>168,177,745</b>
Note(s)	10	11		

## STATEMENT OF CASH FLOWS

	Note(s)	2016		2015	
		Rs	ZAR	Rs	ZAR
<b>Cash flows from operating activities</b>					
Cash receipts from customers.....		3 038 502 820	684 347 482	2 958 349 613	666 294 958
Cash paid to suppliers and employees.....		(2 961 563 285)	(667 018 758)	(2 792 664 127)	(628 978 407)
Cash generated from operations.....	23	76 939 535	17 328 724	165 685 486	37 316 551
Interest received.....		24 709 115	5 565 116	13 245 763	2 983 280
Finance costs.....		(8 610 190)	(1 939 232)	(4 056 077)	(913 531)
Tax paid.....		(90 219 708)	(20 319 754)	(65 411 186)	(14 732 249)
<b>Net cash from operating activities .....</b>		<b>2 818 752</b>	<b>634 854</b>	<b>109 463 986</b>	<b>24 654 051</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	3	(32 251 356)	(7 263 819)	(12 457 832)	(2 805 818)
Sale of property, plant and equipment.....		12 566 039	2 830 189	5 466 279	1 231 144
<b>Net cash from investing activities .....</b>		<b>(19 685 317)</b>	<b>(4 433 630)</b>	<b>(6 991 553)</b>	<b>(1 574 674)</b>
<b>Cash flows from financing activities</b>					
Dividends paid.....		(69 264 000)	(15 600 000)	(57 720 000)	(13 000 000)
<b>Total cash movement for the year.....</b>		<b>(86 130 565)</b>	<b>(19 398 776)</b>	<b>44 752 434</b>	<b>10 079 377</b>
Cash at the beginning of the year.....		235 929 270	53 137 223	191 176 836	43 057 846
<b>Total cash at end of the year .....</b>	9	<b>149 798 705</b>	<b>33 738 447</b>	<b>235 929 270</b>	<b>53 137 223</b>

## NOTES TO FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

#### 1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands and convenience translation at ZAR 1 = INR 4.44.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Deferred revenue

The fair value of deferred revenue from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

##### Provision for warranties

Warranty provisions are management's best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two, three or five year warranties based on the three years actual historical sales and warranty claims occurred. The cost per day calculated on those claims is used to estimate the future cost for the remaining warranty days under consideration.

##### Fair value measurement

The company measures financial instruments at fair value at each reporting date.

The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments do not reasonably approximate their value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. At fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy,

described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### 1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant and machinery	3 years
Furniture and fixtures	3 years
Motor vehicles	4 years
Office equipment	6 years
IT equipment	4 years
Computer software	5 years
Leasehold improvements	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### 1.3 Financial instruments

##### Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair value.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

## NOTES TO FINANCIAL STATEMENTS (Contd.)

### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

### Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re measured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss – held for trading.

## 1.4 Tax

### Current tax assets and liabilities

Current tax is based on taxable profit for the year.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial

recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Tax expenses

Income tax expenses represents the sum of the tax currently payable and the movement in deferred tax.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

## 1.6 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs (towards rebates or incentives) necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

## 1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

## NOTES TO FINANCIAL STATEMENTS (Contd.)

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as inventory.

### 1.9 Employee benefits

#### Short-term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### 1.10 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

### 1.11 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognized that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Revenue from the sale of service plans is deferred over the term of the service plan.

Interest is recognised, in profit or loss, using the effective interest rate method.

### 1.12 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

### 1.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.14 Translation of foreign currencies Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

## NOTES TO FINANCIAL STATEMENTS (Contd.)

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.15 Levies

IFRIC 21 addresses the issue of when to recognize a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The company has inventory stored in a bonded warehouse where duties, levies and taxes are due once the inventory leaves the bonded warehouse, or 24 months, whichever are earlier. IFRIC 21 is applied retrospectively.

### 2. New Standards and Interpretations

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's financial statements.

### 2.1 Standards and interpretations not yet effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### IFRIC 21: Levies

IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by government. The Interpretation defines a levy, and specifies that the obligation event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in future period.

IFRIC 21 has been applied retrospectively and prior year figures has been appropriately restated.

The company has adopted the Interpretation for the first time in the current year.

#### IAS 16 Property, Plant and Equipment

Amendments to the revaluation method will be implemented relating to proportionate restatement of accumulated depreciation.

The effective date of the amendment is for years beginning on or after 1<sup>st</sup> July, 2014.

The company has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

#### IAS 36: Impairment assets

The amendments to IAS 36 clarified the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The effective date of the amendment is for years beginning on or after 1<sup>st</sup> January, 2014.

The company has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

### 2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01<sup>st</sup> April, 2015 or later periods:

#### IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement, derecognition of financial assets and liabilities and hedge accounting have been issued. Chapters dealing with impairment methodology are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

The effective date of the amendment is for years beginning on or after 1<sup>st</sup> January 2018.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

#### IFRS 15: Revenue from Contracts with Customers

This standard provides guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

The effective date of standard is for years beginning on or after 1<sup>st</sup> January, 2017.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

### 3. Property, plant and equipment

Rupee	2016		Carrying value	2015		Carrying value
	Cost/ Valuation	Accumulated depreciation		Cost/ Valuation	Accumulated depreciation	
Computer software	5,428,433	(4,799,840)	628,593	4,572,760	(3,665,557)	907,203
Furniture and fixtures	5,991,798	(4,601,496)	1,390,302	5,981,075	(3,366,976)	2,614,099
IT equipment	5,696,866	(4,208,632)	1,488,234	5,006,411	(3,936,842)	1,069,569
Leasehold improvements	1,653,416	(1,653,376)	40	1,653,416	(1,647,653)	5,763
Motor vehicles	20,250,751	(3,847,184)	16,403,567	19,605,317	(4,298,586)	15,306,731
Office equipment	4,608,200	(3,237,089)	1,371,111	3,788,599	(2,957,355)	831,244
Plant and machinery	13,645,301	(2,349,501)	11,295,800	1,140,148	(951,510)	188,638
<b>Total</b>	<b>57,274,765</b>	<b>(24,697,118)</b>	<b>32,577,647</b>	<b>41,747,726</b>	<b>(20,824,479)</b>	<b>20,923,247</b>

## NOTES TO FINANCIAL STATEMENTS (Contd.)

Rand	2016			2015		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Computer software	1,222,620	(1,081,045)	141,575	1,029,901	(825,576)	204,325
Furniture and fixtures	1,349,504	(1,036,373)	313,131	1,347,089	(758,328)	588,761
IT equipment	1,283,078	(947,890)	335,188	1,127,570	(886,676)	240,894
Leasehold improvements	372,391	(372,382)	9	372,391	(371,093)	1,298
Motor vehicles	4,560,980	(866,483)	3,694,497	4,415,612	(968,150)	3,447,462
Office equipment	1,037,883	(729,074)	308,809	853,288	(666,071)	187,217
Plant and machinery	3,073,266	(529,167)	2,544,099	256,790	(214,304)	42,486
<b>Total</b>	<b>12,899,722</b>	<b>(5,562,414)</b>	<b>7,337,308</b>	<b>9,402,641</b>	<b>(4,690,198)</b>	<b>4,712,443</b>

### Reconciliation of property, plant and equipment - Rupee – 2016

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Total
Computer software ...	907,203	861,333	–	–	(1,139,943)	628,593
Furniture and fixtures...	2,614,099	10,723	(59,643)	–	(1,174,877)	1,390,302
IT equipment.....	1,069,569	1,194,160	(188,074)	–	(587,421)	1,488,234
Leasehold improvements.....	5,763	–	–	–	(5,723)	40
Motor vehicles.....	15,306,731	16,766,661	(10,424,649)	–	(5,245,176)	16,403,567
Office equipment.....	831,244	913,326	(28,047)	–	(345,410)	1,371,113
Plant and machinery...	188,638	12,505,153	–	(101,188)	(1,296,804)	11,295,799
	<b>20,923,247</b>	<b>32,251,356</b>	<b>(10,700,413)</b>	<b>(101,188)</b>	<b>(9,795,354)</b>	<b>32,577,648</b>

### Reconciliation of property, plant and equipment - Rupee – 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software .....	2,035,243	61,263	–	(1,189,303)	907,203
Furniture and fixtures .....	945,400	2,571,937	–	(903,238)	2,614,099
IT equipment.....	1,282,849	410,584	(55,540)	(568,325)	1,069,568
Leasehold improvements....	328,595	–	–	(322,832)	5,763
Motor vehicles.....	14,697,759	8,864,438	(4,394,690)	(3,860,775)	15,306,732
Office equipment.....	698,208	522,348	(170,411)	(218,901)	831,243
Plant and machinery.....	483,019	27,262	–	(321,642)	188,639
	<b>20,471,073</b>	<b>12,457,832</b>	<b>(4,620,641)</b>	<b>(7,385,016)</b>	<b>20,923,247</b>

### Reconciliation of property, plant and equipment - Rand – 2016

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Total
Computer software ...	204,325	193,994	–	–	(256,744)	141,575
Furniture and fixtures	588,761	2,415	(13,433)	–	(264,612)	313,131
IT equipment.....	240,894	268,955	(42,359)	–	(132,302)	335,188
Leasehold improvements.....	1,298	–	–	–	(1,289)	9
Motor vehicles.....	3,447,462	3,776,275	(2,347,894)	–	(1,181,346)	3,694,497
Office equipment.....	187,217	205,704	(6,317)	–	(77,795)	308,809
Plant and machinery.	42,486	2,816,476	–	(22,790)	(292,073)	2,544,099
	<b>4,712,443</b>	<b>7,263,819</b>	<b>(2,410,003)</b>	<b>(22,790)</b>	<b>(2,206,161)</b>	<b>7,337,308</b>

### Reconciliation of property, plant and equipment - Rand – 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software .....	458,388	13,798	–	(267,861)	204,325
Furniture and fixtures .....	212,928	579,265	–	(203,432)	588,761
IT equipment.....	288,930	92,474	(12,509)	(128,001)	240,894
Leasehold improvements .	74,008	–	–	(72,710)	1,298
Motor vehicles.....	3,310,306	1,996,495	(989,795)	(869,544)	3,447,462
Office equipment.....	157,254	117,646	(38,381)	(49,302)	187,217
Plant and machinery.....	108,788	6,140	–	(72,442)	42,486
	<b>4,610,602</b>	<b>2,805,818</b>	<b>(1,040,685)</b>	<b>(1,663,292)</b>	<b>4,712,443</b>

### Pledged as security

The property, plant and equipment have been encumbered per note 24.

### 4. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:

2016 Rupee	Loans and receivables	Cash and Cash equivalents	Total
Cash and cash equivalents .....	–	301,393,962	301,393,962
Trade and other receivables .....	459,196,411	–	459,196,411
	<b>459,196,411</b>	<b>301,393,962</b>	<b>760,590,373</b>

2015 Rupee	Loans and receivables	Cash and Cash equivalents	Total
Cash and cash equivalents .....	–	235,929,270	235,929,270
Trade and other receivables .....	311,919,337	–	311,919,337
	<b>311,919,337</b>	<b>235,929,270</b>	<b>547,848,607</b>

2016 Rand	Loans and receivables	Cash and Cash equivalents	Total
Cash and cash equivalents .....	–	67,881,523	67,881,523
Trade and other receivables .....	103,422,615	–	103,422,615
	<b>103,422,615</b>	<b>67,881,523</b>	<b>171,304,138</b>

2015 Rand	Loans and receivables	Cash and Cash equivalents	Total
Cash and cash equivalents .....	–	53,137,223	53,137,223
Trade and other receivables .....	70,252,103	–	70,252,103
	<b>70,252,103</b>	<b>53,137,223</b>	<b>123,389,326</b>

### 5. Deferred tax Deferred tax asset

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Accelerated capital allowances for tax purposes .....	470,880	106,054	489,443	110,235
Provisions.....	79,267,604	17,853,064	72,088,271	16,236,097
Provision for doubtful accounts.....	7,148	1,610	7,148	1,610
Deferred revenue less Section 24C allowance..	16,542,814	3,725,859	–	–
	<b>96,288,446</b>	<b>21,686,587</b>	<b>72,584,862</b>	<b>16,347,942</b>



**NOTES TO FINANCIAL STATEMENTS (Contd.)**
**Reconciliation of deferred tax asset (liability)**

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
At beginning of the year....	72,584,863	16,347,942	69,927,038	15,749,333
Originating/(Reversing) temporary difference on tangible fixed assets .....	(18,564)	(4,181)	319,169	71,885
Originating temporary difference on provisions...	7,179,333	1,616,967	2,369,735	533,724
Originating temporary difference on interest on deferred revenue.....	16,542,814	3,725,859	-	-
Reversing temporary difference on unrealised foreign exchange losses with connected persons...	-	-	(31,080)	(7,000)
	<u>96,288,446</u>	<u>21,686,587</u>	<u>72,584,862</u>	<u>16,347,942</u>

**6. Retirement benefits**
**Defined contribution plan**

It is the policy of the company to provide retirement benefits to all its employees. A defined contribution provident fund which is subject to the Pensions Fund Act exists for this purpose. The scheme is funded by company and employee contributions only, which are charged to the income statement as they are incurred. The total company contributions to such scheme in 2015 was Rs. 3,194, 451, ZAR 719,471 (2015: Rs. 2,601,600, ZAR 585,946).

The company is under no obligation to cover any unfunded benefits.

**7. Inventories**

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Motor vehicles .....	342,529,705	77,146,330	433,403,349	97,613,367
Spares .....	99,829,626	22,484,150	118,768,934	26,749,760
Goods-in-transit .....	256,649,436	57,803,927	87,447,838	19,695,459
Agricultural produce....	76,459,406	17,220,587	-	-
	<u>775,468,173</u>	<u>174,654,994</u>	<u>639,620,121</u>	<u>144,058,586</u>
Provision for write down of inventories to net realizable value – agricultural produce ....	(6,141,830)	(1,383,295)	-	-
Provision for write down of inventories to net realizable value – motor vehicles and spares ...	(23,691,467)	(5,335,916)	(53,806,699)	(12,118,626)
	<u>745,634,876</u>	<u>167,935,783</u>	<u>585,813,422</u>	<u>131,939,960</u>

**8. Trade and other receivables**

Deposits .....	3,980,398	896,486	726,956	163,729
Other receivable.....	61,434,668	13,836,637	52,333,814	11,786,895
Trade receivables .....	393,781,344	88,689,492	258,858,567	58,301,479
VAT.....	23,162,978	5,216,887	44,398,890	9,999,750
	<u>482,359,388</u>	<u>108,639,502</u>	<u>356,318,227</u>	<u>80,251,853</u>

**Trade and other receivables pledged as security**

Trade and other receivables were pledged as security for overdraft facilities of the company. Refer to note 25 for full details on the facilities granted to the company.

**Fair value of trade and other receivables**

All amounts are short term. The carrying value of trade receivables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

**Trade and other receivables past due but not impaired**

The ageing of amounts past due but not impaired is as follows:

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Not more than 3 months.....	42,300,173	9,527,066	42,681,622	9,612,978
More than 3 months but not more than 6 months.....	8,101,752	1,824,719	28,642	6,451
More than 6 months but not more than 1 year.....	14,562,823	3,279,915	6,911,588	1,556,664
More than 1 year .....	34,041	7,667	34,086	7,677
	<u>64,998,789</u>	<u>14,639,367</u>	<u>49,655,938</u>	<u>11,183,770</u>

**Trade and other receivables impaired**

As of 31<sup>st</sup> March, 2016, trade and other receivables of Rs. 34,050, ZAR 7,669 (2015: Rs. 34,050, ZAR 7,669) were impaired and provided for.

All trade and other receivables have been reviewed for indicators of impairment and accordingly adequate provisions were raised.

**9. Cash and cash equivalents**

Cash and cash equivalents consist of:

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Cash on hand .....	130,882	29,478	36,785	8,285
Bank balances .....	301,263,080	67,852,045	235,892,485	53,128,938
Bank overdraft (Kenya Branch).....	(151,595,257)	(34,143,076)	-	-
	<u>149,798,705</u>	<u>33,738,447</u>	<u>235,929,270</u>	<u>53,137,223</u>
Current assets .....	301,393,962	67,881,523	235,929,270	53,137,223
Current liabilities .....	(151,595,257)	(34,143,076)	-	-
	<u>149,798,705</u>	<u>33,738,447</u>	<u>235,929,270</u>	<u>53,137,223</u>

**10. Share capital**
**Authorised**

70,000,000 (2015: 70,000,000) Ordinary shares with no par value.....	310,800,000	70,000,000	310,800,000	70,000,000
	<u>310,800,000</u>	<u>70,000,000</u>	<u>310,800,000</u>	<u>70,000,000</u>

**Reconciliation of number of shares issued:**

Issue of shares – ordinary shares.....	230,880,000	52,000,000	230,880,000	52,000,000
	<u>230,880,000</u>	<u>52,000,000</u>	<u>230,880,000</u>	<u>52,000,000</u>
<b>Issued</b>				
52,000,000 (2015: 52,000,000) Ordinary shares with no par value.....	230,880,000	52,000,000	230,880,000	52,000,000
	<u>230,880,000</u>	<u>52,000,000</u>	<u>230,880,000</u>	<u>52,000,000</u>

**11. Foreign currency translation reserve**

The Kenya Branch operations in Shilling has been translated to ZAR based on the exchange rate. The foreign currency reserve is a result of the foreign currency translation.

Kenya Branch operations.....	(3,783,954)	(852,242)	-	-
	<u>(3,783,954)</u>	<u>(852,242)</u>	<u>-</u>	<u>-</u>

**12. Deferred income**

Service plans.....	209,290,869	47,137,583	211,531,821	47,642,302
	<u>209,290,869</u>	<u>47,137,583</u>	<u>211,531,821</u>	<u>47,642,302</u>

**NOTES TO FINANCIAL STATEMENTS (Contd.)**

Nature: Certain vehicles are sold with a service plan. This service plan then covers certain services for a predetermined number of years and kilometers travelled. The income from these service plans is deferred and recognised as these services are performed.

Assumptions: The deferred revenue from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Non-current liabilities...	105,552,693	23,773,129	86,046,614	19,379,868
Current liabilities .....	103,738,176	23,364,454	125,485,207	28,262,434
	<u>209,290,869</u>	<u>47,137,583</u>	<u>211,531,821</u>	<u>47,642,302</u>

**13. Provisions**
**Reconciliation of provisions - Rupee – 2016**

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for extended warranty .....	1,174,828	-	(1,174,828)	-	-
Provision for warranty claims.....	213,198,854	266,479,480	(249,750,444)	27,965,997	257,893,887
	<u>214,373,682</u>	<u>266,479,480</u>	<u>(250,925,272)</u>	<u>27,965,997</u>	<u>257,893,887</u>

**Reconciliation of provisions - Rupee – 2015**

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for extended warranty .....	6,132,310	39,121,803	(44,079,285)	-	1,174,828
Provision for warranty claims...	171,708,950	271,136,525	(208,110,299)	(21,536,322)	213,198,854
	<u>177,841,260</u>	<u>310,258,328</u>	<u>(252,189,584)</u>	<u>(21,536,322)</u>	<u>214,373,682</u>

**Reconciliation of provisions - Rand – 2016**

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for extended warranty .....	264,601	-	(264,601)	-	-
Provision for warranty claims ....	48,017,760	60,017,901	(56,250,100)	6,298,648	58,084,209
	<u>48,282,361</u>	<u>60,017,901</u>	<u>(56,514,701)</u>	<u>6,298,648</u>	<u>58,084,209</u>

**Reconciliation of provisions - Rand – 2015**

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for extended warranty	1,381,151	8,811,217	(9,927,767)	-	264,601
Provision for warranty claims ....	38,673,187	61,066,785	(46,871,689)	(4,850,523)	48,017,760
	<u>40,054,338</u>	<u>69,878,002</u>	<u>(56,799,456)</u>	<u>(4,850,523)</u>	<u>48,282,361</u>

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Non-current liabilities .....	103,228,365	23,249,632	97,660,584	21,995,627
Current liabilities .....	154,665,522	34,834,577	116,713,098	26,286,734
	<u>257,893,887</u>	<u>58,084,209</u>	<u>214,373,682</u>	<u>48,282,361</u>

**Warranty Provision**

Nature: This provision is raised due to the fact that certain vehicles sold are sold under a warranty, thus this provision estimates cost that would occur in the future for vehicles repairs under warranties.

Assumptions: Warranty provisions are management's best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two or three year warranties based on three years actual historical sales and warranty claims occurred.

Further, the remaining non-current warranty provision has been discounted to present value and the amount related to the opening provision has been adjusted in opening reserves and the incremental amount pertaining to the current financial year has been adjusted in cost of sales.

**Extended warranty**

Nature: This provision is raised due to the fact that certain vehicles sold are sold under extended warranty (beyond the standard factory warranty), thus the provision estimates the cost that would occur in future for vehicles repairs under extended warranties.

Assumptions: Extended Warranty provision are managements best estimate of the company liability (after the expected reimbursement from the manufacturer) on vehicles eligible under the extended warranty program and is based on the incremental cost charged by the manufacturer or third party service provider for this specific purpose.

**14. Trade and other payables**

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Accrued expense.....	37,484,900	8,442,545	45,798,911	10,315,070
Accrued leave pay.....	5,925,704	1,334,618	4,628,052	1,042,354
Sundry payables.....	1,398,214	314,913	1,063,788	239,592
Trade payables.....	235,352,012	53,007,210	103,383,992	23,284,683
	<u>280,160,830</u>	<u>63,099,286</u>	<u>154,874,743</u>	<u>34,881,699</u>

All amounts are short term. The carrying amount of the trade and other payables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfer between Levels 1, 2 & 3 during the financial year.

**15. Financial liabilities by category**

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:

2016	Financial liabilities at amortised cost	Total
<b>Rupee</b>		
Bank overdrafts .....	151,595,257	151,595,257
Trade and other payables .....	280,160,830	280,160,830
	<u>431,756,087</u>	<u>431,756,087</u>
<b>2015</b>		
<b>Rupee</b>		
Trade and other payables .....	154,874,739	154,874,739
<b>2016</b>		
	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
<b>Rand</b>		
Bank overdrafts .....	34,143,076	34,143,076
Trade and other payables .....	63,099,286	63,099,286
	<u>97,242,362</u>	<u>97,242,362</u>

**NOTES TO FINANCIAL STATEMENTS (Contd.)**

2015	Financial liabilities at amortised cost	Total
<b>Rand</b>		
Trade and other payables .....	34,881,698	34,881,698

**16. Revenue**

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Sale of goods .....	3,162,303,029	712,230,412	3,042,596,326	685,269,443
<b>The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:</b>				
Sale of spares .....	439,490,407	98,984,326	390,183,488	87,879,164
Sale of vehicles .....	2,536,410,788	571,263,691	2,501,349,959	563,367,108
Sale of service plan..	149,069,777	33,574,274	150,506,667	33,897,898
Sale of accessories ..	3,560,893	802,003	556,212	125,273
Sale of agricultural produce .....	33,771,164	7,606,118	-	-
	<b>3,162,303,029</b>	<b>712,230,412</b>	<b>3,042,596,326</b>	<b>685,269,443</b>

**17. Cost of sales**

<b>Sale of goods</b>				
Cost of goods sold..	2,698,257,588	607,715,673	2,569,708,194	578,763,107
Write down of inventories to net realisable value – movement.....	(23,973,403)	(5,399,415)	(14,413,900)	(3,246,374)
	<b>2,674,284,185</b>	<b>602,316,258</b>	<b>2,555,294,294</b>	<b>575,516,733</b>

**18. Operating profit**

Operating profit for the year is stated after accounting for the following:

**Operating lease charges**

Premises				
• Contractual amounts .....	4,618,399	1,040,180	5,103,518	1,149,441
Profit on sale of property plant and equipment.....	(1,865,626)	(420,186)	(845,638)	(190,459)
Gain on exchange differences.....	(1,383,113)	(311,512)	(987,403)	(222,388)
Depreciation on property, plant and equipment.....	9,795,355	2,206,161	7,385,016	1,663,292
Employee costs .....	107,744,898	24,266,869	72,956,109	16,431,556

**19. Investment revenue**

<b>Interest revenue</b>				
Bank.....	24,709,115	5,565,116	13,245,763	2,983,280

**20. Finance costs**

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Bank and other .....	5,809,376	1,308,418	1,091,596	245,855
Holding company for vehicle purchase credit .....	2,745,971	618,462	2,878,234	648,251
Interest to SARS ....	54,843	12,352	86,247	19,425
	<b>8,610,190</b>	<b>1,939,232</b>	<b>4,056,077</b>	<b>913,531</b>

**21. Taxation**
**Major components of the tax expense**
**Current**

Local income tax – current period .....	92,985,410	20,942,660	74,542,339	16,788,815
Local income tax – recognised in current tax prior periods ....	6,988,742	1,574,041	-	-
	<b>99,974,152</b>	<b>22,516,701</b>	<b>74,542,339</b>	<b>16,788,815</b>

**Deferred**

Deferred tax – current period .....	(23,703,579)	(5,338,644)	(2,657,824)	(598,609)
	<b>76,270,573</b>	<b>17,178,057</b>	<b>71,884,515</b>	<b>16,190,206</b>

**Reconciliation of the tax expense**

Reconciliation between accounting profit and tax expense.

Accounting profit .....	208,088,778	46,866,842	278,594,118	62,746,423
Tax at the applicable tax rate of 28% (2015: 28%).....	58,264,859	13,122,716	78,006,351	17,568,998
<b>Tax effect of adjustments on taxable income</b>				
Non-taxable/deductible operations - Kenya.....	11,732,109	2,642,367	-	-
Capital gains tax on sale of assets .....	31,013	6,985	-	-
Fines and penalties .....	204,236	45,999	52,405	11,803
Prior period adjustment...	6,038,356	1,359,990	(144,073)	(32,449)
	<b>76,270,573</b>	<b>17,178,057</b>	<b>77,914,683</b>	<b>17,548,352</b>

**22. Auditors' remuneration**

Fees.....	2,563,656	577,400	1,445,664	325,600
-----------	-----------	---------	-----------	---------

**23. Cash generated from operations**

Profit before taxation.....	208,088,778	46,866,842	278,594,118	62,746,423
<b>Adjustments for:</b>				
Depreciation.....	9,795,355	2,206,161	7,385,016	1,663,292
Profit on sale of assets...	(1,865,626)	(420,186)	(845,638)	(190,459)
Interest received .....	(24,709,115)	(5,565,116)	(13,245,763)	(2,983,280)
Finance costs .....	8,610,190	1,939,232	4,056,078	913,531
Movements in provisions .....	43,520,205	9,801,848	36,532,422	8,228,023
Foreign currency translation reserve .....	(3,783,954)	(852,242)	-	-
Foreign currency translation in property plant and equipment .....	101,188	22,790	-	-
<b>Changes in working capital:</b>				
Inventories .....	(159,821,454)	(35,995,823)	59,738,335	13,454,580
Trade and other receivables.....	(126,041,161)	(28,387,649)	(71,851,246)	(16,182,713)
Trade and other payables..	125,286,082	28,217,586	(122,282,373)	(27,541,075)
Deferred income .....	(2,240,952)	(504,719)	(12,395,463)	(2,791,771)
	<b>76,939,535</b>	<b>17,328,724</b>	<b>165,685,486</b>	<b>37,316,551</b>

**NOTES TO FINANCIAL STATEMENTS (Contd.)**
**24. Commitments**
**Operating leases – as lessee (expense)**

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
<b>Minimum lease payments due</b>				
within one year .....	3,488,628	785,727	4,651,508	1,047,637
in second to fifth year inclusive .....	–	–	3,488,628	785,727
	<u>3,488,628</u>	<u>785,727</u>	<u>8,140,136</u>	<u>1,833,364</u>

Operating lease payments represent rentals payable by the company for certain of its premises (residential and office properties). The non cancellable leasing arrangements range from between two and three years and are usually renewable by mutual consent on agreed terms. No contingent rent is payable.

**25. Banking facilities**

The company avails credit facilities with The State Bank of India which has sanctioned an interchangeable ZAR facility of R 30 million (2015: R 30 million) for a combination of overdraft, letters of credit and bank guarantees. An additional Forward Cover Limit of USD5 million (2015: USD 5 million) is available.

At year end the company has utilised none of its overdraft facility from State Bank of India and has also used none of the Forward Cover facility.

The above facilities have been secured as follows:

General Notarial Bond on all present and future moveable assets of the Company including stocks. Whether in the company's showroom, warehouse or in transit, but excluding book debts.

An unrestricted first cession of all present and future book debts due or to become due.

Letter of comfort from Mahindra & Mahindra Limited India.

The company avails credit facilities with Barclays Bank in Kenya which as sanctioned amounts of KES 242,500,000 and for Letters of Credit USD 2,500,000.

The above facilities have been secured as follows:

General Notarial Bond on all present and future moveable assets of the Company including stocks. Whether in the company's showroom, warehouse or in transit, but excluding book debts.

An unrestricted cession of all present and future book debts due or to become due.

**26. Related parties**
**Relationships**

Holding company	Mahindra & Mahindra Limited
Fellow Subsidiaries	SsangYong Motor Company Bristlecone
Directors	Dr. Pawan Goenka Kandasamy Chandrasekar Ramesh Iyer Pravin Shah Tripathi Rajeshwar
Members of key management	Ashok Thakur Avinash Bapat Sanjoy Gupta

**Related party balances**

	2016		2015	
	Rs.	ZAR	Rs.	ZAR

**Amounts included in Trade receivable (Trade payables) regarding related parties**

Mahindra & Mahindra Limited (Payable) .....	(173,154,401)	(38,998,739)	(28,368,621)	(6,389,329)
Mahindra & Mahindra Limited (Receivable) .....	9,664,508	2,176,691	11,075,300	2,494,437
SsangYong Motor Company (Receivable) .....	1,765,215	397,571	–	–
SsangYong Motor Company (Payable) .....	(810,047)	(182,443)	(1,961,987)	(441,889)
Bristlecone (Payable) .....	(610,771)	(137,561)	–	–

**Amounts included in goods in transit**

Mahindra & Mahindra Limited ....	256,649,436	57,803,927	102,822,790	23,158,286
SsangYong Motor Company .....	–	–	2,156,868	485,781

**Related party transactions**
**Interest paid (received from) to related parties**

Mahindra & Mahindra Limited ....	2,351,073	529,521	2,878,234	648,251
----------------------------------	-----------	---------	-----------	---------

**Purchases from related parties**

Mahindra & Mahindra Limited ....	1,553,297,991	349,841,890	1,403,673,490	316,142,678
SsangYong Motor Company .....	48,959,582	11,026,933	13,194,872	2,971,818
Bristlecone .....	610,771	137,561	–	–

**Compensation to directors and other key management**

Short-term employee benefits ....	<u>20,243,145</u>	<u>4,559,267</u>	<u>15,269,937</u>	<u>3,439,175</u>
-----------------------------------	-------------------	------------------	-------------------	------------------

**27. Directors' emoluments**

No emoluments were paid to the directors.

**28. Prior period adjustment**

Due to the requirements of IFRIC 21, the levies, duties and taxes should not be accrued for and included in the cost of inventory.

Management has adopted the Interpretation retrospectively.

During the current year management has also assessed the effect of discounting of warranty provision as material and adjusted the provisions retrospectively.

The correction of the above results in adjustments as follows:

	2016		2015	
	Rs.	ZAR	Rs.	ZAR

**Statement of Financial Position**

Inventory (Decrease) ....	–	–	(133,361,100)	(30,036,284)
Provision for advolerum and customs duties and emission tax (Decrease) ...	–	–	133,361,100	30,036,284
Provision for warranty claims (Decrease) .....	–	–	21,536,327	4,850,524
Retained Earnings (Decrease) .....	–	–	(21,536,327)	(4,850,524)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Profit or Loss</b>				
Cost of Sales (Increase) ...	–	–	21,536,327	4,850,524

## NOTES TO FINANCIAL STATEMENTS (Contd.)

### 29. Risk management

#### Capital management policies and procedures

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

#### Liquidity risk

The company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as cash outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis as well as on the basis of a rolling 30 day projection. Short term liquidity needs for a 120 day or less are identified monthly.

Funding in regards to long term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

As at 31<sup>st</sup> March 2016 the company has contractual maturities which are summarised below:

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
	Current within 6 months			
Trade and other payables.....	274,235,126	61,764,668	150,246,692	33,839,345

The above contractual maturities reflect the gross cash flows which may differ to the carrying values of the liabilities at the reporting date.

#### Interest rate risk

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.5% and 0.5% (2014: +0.5% and 0.5%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the company's financial instruments held at each balance sheet date. All other variables are held constant.

	2016		2016		2015		2015	
	Rs.	ZAR	Rs.	ZAR	Rs.	ZAR	Rs.	ZAR
	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Net results for the year	881,096	(881,096)	198,445	(198,445)	168,338	(168,338)	37,914	(37,914)

#### Credit risk

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

The company continuously monitors defaults of customers and other counterparties, identified either individually or by company and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The company's policy is to deal only with creditworthy counterparties.

The company's management considers that all the financial assets are not impaired for each of the reporting dates under review is of good credit quality, including those that are past due. See note 8 for further information on impairment or financial assets that are past due.

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with quality external credit ratings.

#### Foreign exchange risk

##### Foreign currency exposure at the end of the reporting period

Most of the company's transactions are carried out in Rands. Exposure to currency exchange rates arise from the company's overseas purchases and sea freight, which are primarily denominated in US Dollars. To mitigate the company's exposure to foreign currency risk, non Rand cash flows are monitored and forward exchange contracts are entered into in accordance with our risk management policies. Forward exchange contracts are generally entered into when the rate is more favourable than the budgeted rate.

Foreign currency denominated financial assets and liabilities, translated in Rands at the closing rate, are as follows:

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
<b>Assets</b>				
Mahindra and Mahindra Limited (2016: USD 6 040; 2015: USD 6 040) .....	403,338	90,842	325,567	73,326
Bank balance (2016: USD 163 709; 2015: USD 88 417) .....	10,932,092	2,462,183	4,765,816	1,073,382
American Motors (2016: USD 2 027) .....	135,358	30,486	-	-
SsangYong Motor Company (2016: USD 26 133) .....	1,745,098	393,040	-	-
	<b>13,215,886</b>	<b>2,976,551</b>	<b>5,091,383</b>	<b>1,146,708</b>
<b>Liabilities</b>				
Savino del Bene (2016: USD 1 895..) .....	126,544	28,501	-	-
Mahindra and Mahindra Limited (2015: USD 68 625; 2014: USD 60 850).....	7,719,491	1,738,624	3,698,999	833,108
	<b>7,846,035</b>	<b>1,767,125</b>	<b>3,698,999</b>	<b>833,108</b>

#### Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year and equity in regards to the company's financial assets and financial liabilities and the US Dollar Rand exchange rate.

It assumes a +5% and -12% change of the Rand/US Dollar exchange rate for the year ended 31 March 2016 (2015: +5% and -10 %). This has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the company's foreign currency financial instruments held at balance sheet date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Rand had strengthened against the US Dollar by 5% (2015: 5%) then this would have had the following impact:

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Net results for the year ....	268,491	60,471	69,619	15,680

If the Rand had weakened against the US Dollar by 12% (2015: 12%) then this would have had the following impact:

	2016		2015	
	Rs.	ZAR	Rs.	ZAR
Net results for the year ....	(644,382)	(145,131)	(167,086)	(37,632)

Exposure to foreign exchange rates varies during the year depending on the volumes of overseas transactions. Nonetheless the analysis above is considered to be representative of the company's exposure to currency.

## DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your company for the year ended 31<sup>st</sup> March 2016.

### Financial Highlights:

	F16 (USD)	F16 (INR)
Revenues	96,463	6,400,320
Income before income tax	(13,984)	(927,838)
Net Profit	405,083	26,877,258

The Company was incorporated in the state of Delaware on 18th December, 2013 and is licensed to do the business in Michigan.

The Financial Statement as at March 31<sup>st</sup>, 2016 (F16) reports Revenues of USD 96,463 (INR 6,400,320) with a Net Profit of USD 405,083 (INR 26,877,258).

### Performance during the year:

The company with effect from April 1, 2015 transferred its engineering, design and development business to the US branch of Mahindra Vehicle Manufacturers Limited ("MVML"), a subsidiary of Mahindra & Mahindra Ltd. The company sold and assigned all of its operating assets, liabilities and business commitments involved with business operations to MVML US branch.

In connection with the said transaction, the company received an aggregate of USD 2,907,000 (INR 192,879,450) & there was a gain on the sale of USD 96,463 (INR 6,400,320).

Net income was positively impacted by the ability to claim a \$319,000 refund against state income taxes previously provided and paid for.

### Future Prospects:

The company is currently evaluating various business opportunities & will take steps for implementation at appropriate time.

### Holding Company:

Mahindra USA, Inc is the 100% shareholder in the Company.

### Directors:

Rajan Wadhera  
Pravin Shah  
V S Parthasarathy

For and behalf of the Board

**Rajan Wadhera**  
Chairman

Date: 18<sup>th</sup> April 2016

## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors  
Mahindra North America Technical Center, Inc.

We have audited the accompanying balance sheets of Mahindra North American Technical Center, Inc. ('the Company') as of March 31, 2016 and March 31, 2015, and the related statements of income, stockholder's equity and cash flows for the years ended on March 31, 2016 and March 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal

control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2016 and March 31, 2015, and the results of its operations and cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

### Emphasis of matters

As discussed in Note B to the financial statements, the Company completed its separation of its automotive prototype engineering, design and development business with its ultimate parent company, Mahindra & Mahindra Ltd via an asset sale to the U.S. branch of Mahindra Vehicle Manufacturers Limited, a subsidiary of Mahindra & Mahindra Ltd. Our opinion is not modified with respect to this matter.

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

KNAV P.A.  
Atlanta, Georgia  
April 15, 2016

**BALANCE SHEETS**

	USD		INR	
	As at March 31		As at March 31	
	2016	2015	2016	2015
<b>ASSETS</b>				
<b>Current assets</b>				
Cash & cash equivalents	82,941	90,296	5,503,135	5,991,140
Intercompany receivable, due from parent company	–	2,453,247	–	162,772,938
Intercompany receivable, others	1,256,881	–	83,394,054	–
Other receivables	319,000	335,986	21,165,650	22,292,671
Prepaid expenses	–	446,473	–	29,623,484
Deferred tax asset	197,679	287,068	13,116,002	19,046,962
<b>Total current assets</b>	<b>1,856,501</b>	<b>3,613,070</b>	<b>123,178,841</b>	<b>239,727,195</b>
Other assets	–	30,688	–	2,036,149
Property and equipment, net	–	2,122,538	–	140,830,396
Deferred tax asset	238,875	49,419	15,849,357	3,278,950
<b>Total assets</b>	<b>2,095,376</b>	<b>5,815,715</b>	<b>139,028,198</b>	<b>385,872,690</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	–	717,410	–	47,600,154
Bank notes payable	–	1,300,000	–	86,255,000
Accrued expenses	60,000	1,643,955	3,981,000	109,076,414
Intercompany payable	–	512,819	–	34,025,541
<b>Total current liabilities</b>	<b>60,000</b>	<b>4,174,184</b>	<b>3,981,000</b>	<b>276,957,109</b>
Other liabilities	–	11,238	–	745,641
<b>Total liabilities</b>	<b>60,000</b>	<b>4,185,422</b>	<b>3,981,000</b>	<b>277,702,750</b>
<b>Stockholder's equity</b>				
Common stock, \$ 0.10 par value 100,000 shares authorized 1,000 shares issued and outstanding	100	100	6,635	6,635
Additional paid in capital	9,900	9,900	656,865	656,865
Retained earnings	2,025,376	1,620,293	134,383,698	107,506,440
<b>Total stockholder's equity</b>	<b>2,035,376</b>	<b>1,630,293</b>	<b>135,047,198</b>	<b>108,169,940</b>
<b>Total liabilities and stockholder's equity</b>	<b>2,095,376</b>	<b>5,815,715</b>	<b>139,028,198</b>	<b>385,872,690</b>

*(The accompanying notes are an integral part of these financial statements)*



**STATEMENTS OF INCOME**

	USD		INR	
	Year ended March 31		Year ended March 31	
	2016	2015	2016	2015
Operating revenues	–	19,025,797	–	1,262,361,631
Cost of revenue	–	10,675,952	–	708,349,415
<b>Gross profit</b>	<b>–</b>	<b>8,349,845</b>	<b>–</b>	<b>554,012,216</b>
Administrative expenses	100,281	3,865,987	6,653,644	256,508,238
Depreciation	–	337,341	–	22,382,575
Interest expense, net	10,166	7,971	674,514	528,876
India withholding tax	–	2,853,869	–	189,354,208
<b>Total costs and expenses</b>	<b>110,447</b>	<b>7,065,168</b>	<b>7,328,158</b>	<b>468,773,897</b>
<b>Operating income (loss)</b>	<b>(110,447)</b>	<b>1,284,677</b>	<b>(7,328,158)</b>	<b>85,238,319</b>
Michigan economic business grant	–	280,000	–	18,578,000
Gain on sale of assets	96,463	–	6,400,320	–
<b>Income (loss) before income taxes</b>	<b>(13,984)</b>	<b>1,564,677</b>	<b>(927,838)</b>	<b>103,816,319</b>
Income tax benefit	419,067	32,127	27,805,096	2,131,626
<b>Net income</b>	<b>405,083</b>	<b>1,596,804</b>	<b>26,877,258</b>	<b>105,947,945</b>

*(The accompanying notes are an integral part of these financial statements)*

## STATEMENT OF STOCKHOLDER'S EQUITY

(All amounts are stated in USD unless otherwise stated)

Particulars	Common stock				Additional paid in capital	Retained earnings	Total stockholder's equity
	Authorized		Issued & outstanding				
	Shares*	Value	Shares*	Value			
Balance as on April 1, 2014	100,000	10,000	1,000	100	9,900	23,489	33,489
Net income for the year	-	-	-	-	-	1,596,804	1,596,804
<b>Balance as at March 31, 2015</b>	<b>100,000</b>	<b>\$10,000</b>	<b>1,000</b>	<b>\$100</b>	<b>\$9,900</b>	<b>\$1,620,293</b>	<b>\$1,630,293</b>
Balance as on April 01, 2015	100,000	10,000	1,000	100	9,900	1,620,293	1,630,293
Net income for the year	-	-	-	-	-	405,083	405,083
<b>Balance as at March 31, 2016</b>	<b>100,000</b>	<b>\$10,000</b>	<b>1,000</b>	<b>\$100</b>	<b>\$9,900</b>	<b>\$2,025,376</b>	<b>\$2,035,376</b>

(All amounts are stated in INR unless otherwise stated)

Particulars	Common stock				Additional paid in capital	Retained earnings	Total stockholder's equity
	Authorized		Issued & outstanding				
	Shares*	Value	Shares*	Value			
Balance as on April 1, 2014	100,000	663,500	1,000	6,635	656,865	1,558,495	2,221,995
Net income for the year	-	-	-	-	-	105,947,945	105,947,945
<b>Balance as at March 31, 2015</b>	<b>100,000</b>	<b>663,500</b>	<b>1,000</b>	<b>6,635</b>	<b>656,865</b>	<b>107,506,440</b>	<b>108,169,940</b>
Balance as on April 01, 2015	100,000	663,500	1,000	6,635	656,865	107,506,440	108,169,940
Net income for the year	-	-	-	-	-	26,877,258	26,877,258
<b>Balance as at March 31, 2016</b>	<b>100,000</b>	<b>663,500</b>	<b>1,000</b>	<b>6,635</b>	<b>656,865</b>	<b>134,383,698</b>	<b>135,047,198</b>

(The accompanying notes are an integral part of these financial statements)

\*The shares are in numbers

**STATEMENTS OF CASH FLOWS**

	USD		INR	
	Year ended March 31		Year ended March 31	
	2016	2015	2016	2015
<b>Cash flow from operating activities</b>				
<b>Net income</b>	405,083	1,596,804	26,877,257	105,947,945
<b>Adjustments to reconcile net income to net cash from operating activities</b>				
Depreciation	–	337,341	–	22,382,575
Deferred taxes	(100,067)	(350,858)	(6,639,446)	(23,279,428)
Gain on sale of assets	(96,463)	–	(6,400,320)	–
<b>Changes in assets and liabilities</b>				
Intercompany receivable, due from parent company	–	(1,956,928)	–	(129,842,173)
Intercompany receivable, others	(1,256,881)		(83,394,054)	
Accounts receivable, others	(319,000)	(335,986)	(21,165,650)	(22,292,671)
Prepaid expenses	–	(369,700)	–	(24,529,595)
Other assets	–	(18,888)	–	(1,253,219)
Accounts payable	–	610,031	–	40,475,558
Accrued liabilities	(156,731)	1,554,394	(10,399,102)	103,134,042
Other liabilities	–	11,238	–	745,641
<b>Net cash provided by (used in) operating activities</b>	<b>(1,524,059)</b>	<b>1,077,448</b>	<b>(101,121,315)</b>	<b>71,488,675</b>
<b>Cash flow from investing activities</b>				
Purchase of property and equipment	–	(1,720,675)	–	(114,166,785)
Proceeds from sale of assets	2,907,000	–	192,879,450	–
<b>Net cash provided by (used in) investing activities</b>	<b>2,907,000</b>	<b>(1,720,675)</b>	<b>192,879,450</b>	<b>(114,166,785)</b>
<b>Cash flow from financing activities</b>				
Short term advance from related party	–	(1,500,000)	–	(99,525,000)
Bank notes received (paid)	(1,300,000)	1,300,000	(86,255,000)	86,255,000
<b>Net cash used in financing activities</b>	<b>(1,300,000)</b>	<b>(200,000)</b>	<b>(86,255,000)</b>	<b>(13,270,000)</b>
Net decrease in cash and cash equivalents	82,941	(843,227)	5,503,135	(55,948,111)
Cash transferred as part of asset sale	(90,296)	–	(5,991,140)	–
Cash and cash equivalents at the beginning	90,296	933,523	5,991,140	61,939,251
<b>Cash and cash equivalents at the end</b>	<b>82,941</b>	<b>90,296</b>	<b>5,503,135</b>	<b>5,991,140</b>
<b>Supplemental cash flow information</b>				
Income taxes paid	246,819	104,576	16,376,412	6,938,618
Interest paid	10,166	10,401	674,514	690,106

*(The accompanying notes are an integral part of these financial statements)*

## NOTES TO FINANCIAL STATEMENTS

### NOTE A – ORGANIZATION AND NATURE OF OPERATIONS

Mahindra North American Technical Center, Inc. (hereinafter referred to as “the Company”) was incorporated in the state of Delaware on December 18, 2013 and is a wholly owned subsidiary of Mahindra USA, Inc. (“MUSA”). Both, the Company and MUSA are consolidated subsidiaries of Mahindra and Mahindra, Ltd. (“M&M”). The Company engineers, designs, develops, assembles and delivers parts and vehicles to the automotive market, both for on and off road use, as an Original Equipment Manufacturer (“OEM”).

### NOTE B – SEPARATION OF BUSINESS

On April 1, 2015, the Company completed the separation of its automotive prototype engineering, design and development business with M&M via an asset sale to the U.S. branch of Mahindra Vehicle Manufacturers Limited (“MVML”), a subsidiary of M&M. The Company sold and assigned all of its operating assets, liabilities and business commitments involved with M&M prototype development as well as those involved with engineering activities directly to MVML.

In connection with the separation, the Company received an aggregate of USD 2,907,000 (INR 192,879,450), USD 1,650,119 (INR 109,485,396) in cash and an amount receivable from MVML of USD 1,256,881 (INR 83,394,054). There was a gain on the sale of USD 96,463 (INR 6,400,320).

The following table represents the carrying values of the major categories of assets and liabilities involved with M&M and MVML engineering/prototype development immediately preceding the separation at March 31, 2015. These amounts are excluded from the balance sheet at March 31, 2016.

	USD Balance at March 31, 2016	INR Balance at March 31, 2015
<b>ASSETS</b>		
Cash	90,296	5,991,140
Accounts receivable	2,789,233	185,065,609
Prepaid assets	446,473	29,623,484
Deposits	30,688	2,036,149
<b>Current assets</b>	<b>3,356,690</b>	<b>222,716,382</b>
Property, plant and equipment – net	2,122,538	140,830,396
<b>Total assets</b>	<b>5,479,228</b>	<b>363,546,778</b>
<b>LIABILITIES</b>		
Accounts payable	910,401	60,405,106
Other short term payable	3,250	215,637
Accrued liabilities	1,242,222	82,421,430
Intercompany payable, MGRD	491,351	32,601,139
Intercompany payable, MTAI	21,468	1,424,402
<b>Total liabilities</b>	<b>2,668,692</b>	<b>177,067,714</b>

### LIABILITIES

Accounts payable	910,401	60,405,106
Other short term payable	3,250	215,637
Accrued liabilities	1,242,222	82,421,430
Intercompany payable, MGRD	491,351	32,601,139
Intercompany payable, MTAI	21,468	1,424,402
<b>Total liabilities</b>	<b>2,668,692</b>	<b>177,067,714</b>

The Company retained certain tax related assets and liabilities related to the former engineering activities with M&M and MVML.

### NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

#### 1. Basis of preparation

- The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial position, results of operation and cash flows of the Company.
- The financial statements are for the years ended March 31, 2016 and March 31, 2015.
- Financial information in this report is shown in U.S. dollars (“USD”) and in Indian rupees (“INR”). For the years ended March 31, 2016 and March 31, 2015, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 66.35 INR per dollar, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on

March 31, 2016. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.

- Previous year figures have been reclassified wherever required for comparability.

#### 2. Use of estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### 3. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

Property and equipment are considered to have a useful life of three (3) to thirty (30) years. Expenditures for maintenance and repairs are charged to expense. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

#### 4. Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

#### 5. Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents.

#### 6. Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

The Company has determined whether any tax positions have met the recognition threshold and has measured the Company’s exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying financial statements.

#### 7. Revenue recognition

Revenues from contracts are recognized when earned and collectability is reasonably assured. The Company’s contract with its principle customer, Mahindra & Mahindra Ltd (M&M) specifies that invoices may be raised for the costs incurred in engineering and developing drivable concept prototype vehicles plus an agreed upon profit margin. Anticipated losses on contracts are recorded when determinable.

#### 8. Government incentive

The Company receives incentives from the Michigan Economic Development Corporation in the form of business development grants. These grants are recognized at their fair values in the statement of income where there is a reasonable assurance that all grant conditions have been complied with and the grant will be received.

**NOTE D – CASH AND CASH EQUIVALENTS**

The cash and cash equivalents of the Company comprise of:

Particulars	USD		INR	
	As at March 31		As at March 31	
	2016	2015	2016	2015
Bank balances	82,941	90,296	5,503,135	5,991,140
<b>Total</b>	<b>82,941</b>	<b>90,296</b>	<b>5,503,135</b>	<b>5,991,140</b>

Bank balances on operating and checking accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of USD 250,000 (INR: 16,587,500) (March 31, 2015: USD 250,000 (INR 16,587,500)).

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment comprise the following:

Particulars	USD		INR	
	As at March 31		As at March 31	
	2016	2015	2016	2015
Computers	-	391,286	-	25,961,826
Furniture	-	195,112	-	12,945,681
Vehicles	-	50,739	-	3,366,533
Leasehold improvements	-	304,123	-	20,178,561
Land	-	150,000	-	9,952,500
Building	-	600,000	-	39,810,000
Machinery & equipment	-	301,547	-	20,007,643
Software	-	457,122	-	30,330,045
Construction in progress	-	22,064	-	1,463,946
Less: Accumulated depreciation	-	(349,455)	-	(23,186,339)
<b>Property and equipment, net</b>	<b>-</b>	<b>2,122,538</b>	<b>-</b>	<b>140,830,396</b>

Depreciation expense for the year is USD 0 (INR: 0) (March 31, 2015: USD 337,341 (INR 22,382,575)). On April 01, 2015 the company transferred its property and equipment to its affiliate company as a part of a sale of business assets (Refer Note B).

**NOTE F – LEASES**

On April 1, 2015, the Company assigned all of its rights and obligations to MVML in regard to all lease contracts that the Company had negotiated prior to the asset purchase agreement with MVML.

**NOTE G – BANK NOTE PAYABLE**

The Company obtained a short term line of credit with JP Morgan Chase Bank for up to USD 2,000,000 during December, 2014 and the credit line was extended to USD 3,000,000 in February, 2015. The credit line was closed by the end of May, 2015. On March 31, 2015, the note payable on the credit line totaled USD 1,300,000 (INR 86,255,000). The note balance was repaid on May 27, 2015. This credit line was not secured with the assets of the Company.

**NOTE H – INCOME TAXES**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to taxation in the United States and the State of Michigan. The provision for income tax (benefit) expense is as follows:

Particulars	USD		INR	
	Year ended March 31		Year ended March 31	
	2016	2015	2016	2015
Current tax (benefit) expense	(319,000)	318,731	(21,165,650)	21,147,802
Deferred tax benefit	(100,067)	(350,858)	(6,639,446)	(23,279,428)
<b>Provision for income taxes</b>	<b>(419,067)</b>	<b>(32,127)</b>	<b>(27,805,096)</b>	<b>(2,131,626)</b>

In accordance with Financial Accounting Standard Board Accounting Standard Codification 740-10-45-6, the Company presents a single amount for current and a single amount for non-current deferred tax liabilities and assets. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

Particulars	USD		INR	
	Year ended March 31		Year ended March 31	
	2016	2015	2016	2015
<b>Current deferred tax asset</b>				
Net operating losses	197,679	-	13,116,002	-
Accrued expenses	-	287,068	-	19,046,962
<b>Total</b>	<b>197,679</b>	<b>287,068</b>	<b>13,116,002</b>	<b>19,046,962</b>
<b>Non-current deferred tax asset</b>				
Depreciation	-	49,419	-	3,278,950
Research & development credit	238,875	-	15,489,357	-
<b>Total</b>	<b>238,875</b>	<b>49,419</b>	<b>15,489,357</b>	<b>3,278,950</b>

Under the U.S. & India tax treaty, Indian withholding taxes levied on the engineering services provided to M&M are treated as being creditable against U.S. income taxes. The total India withholding tax expense for the year ended March 31, 2016 is USD 0 (INR 0) and for the year ended March 31, 2015 is USD 2,853,869 (INR 189,354,208). The India withholding tax liability is in excess of the current U.S. federal income tax expense. Therefore, a valuation allowance amounting to USD 1,206,071 (INR: 80,022,811) and USD 1,129,666 (INR: 74,953,339) at March 31, 2016 and March 31, 2015, respectively, has been placed on the foreign tax credit deferred tax assets as it is not more-likely-than-not to be utilized prior to the credit expiration.

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of projections for future taxable income for which the deferred tax assets are deductible, the management believes there exists reasonable certainty regarding the realization of deferred tax assets on the net operating losses and research & development credit.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows.

The tax years 2013 to 2015 remain subject to examination by the taxing authorities.

**NOTE I – RELATED PARTY TRANSACTIONS**

As mentioned in Note A, the Company is a wholly owned subsidiary of MUSA and had an agreement with M&M whereby the Company agreed to supply highly skilled engineering and design services to develop drivable concept prototype automobiles in accordance with the requirements established in agreements entered into between the Company and the customer.

The Company, via the asset purchase agreement with MVML, sold and assigned all of its operating assets, liabilities and business commitments for USD 2,907,000 (INR 192,879,450), therefore, for the twelve months ended March 31, 2016, services purchased from the Company under the agreement with M&M amounted to USD 0 (INR 0) and for the twelve months ended March 31, 2015, USD 16,171,928 (INR 1,073,007,423). Accounts receivable under the agreement with M&M amounted to USD 0 (INR 0) at March 31, 2016 and USD 2,453,247 (INR 162,772,938) at March 31, 2015.

The U.S. branch of MVML is consolidated as part of MVML, which is a consolidated subsidiary of M&M. Accounts receivable due from the U.S. branch of MVML as of March 31, 2016 are USD 1,256,881 (INR 83,394,045).

MAHINDRA NORTH AMERICAN TECHNICAL CENTER, INC.

The balance related party payable/receivable and transactions during the years are as follows:

	USD		INR			USD		INR	
	As at March 31		As at March 31			As at March 31		As at March 31	
	2016	2015	2016	2015		2016	2015	2016	2015
<b><u>Transactions during the year</u></b>									
<b>Mahindra Vehicle Manufacturers Limited – affiliate company</b>									
Sale of assets	2,907,000		– 192,879,450						
<b>Mahindra &amp; Mahindra Ltd – ultimate parent company</b>									
Advance received	–	12,715,000	–	843,640,200					
Repayment of advance	–	(14,215,000)	–	(943,165,250)					
Sale of service	–	16,171,928	–	1,073,007,423					
<b>Mahindra Technical Services, Inc. – subsidiary of Tech Mahindra Ltd.</b>									
Balance paid	–	241,162	–	16,001,099					
<b>Mahindra Graphics Research Designs S.R.L. – affiliate company</b>									
Receipt of service	–	1,894,712	–	125,714,141					
<b><u>Balances at the end of the year</u></b>									
<b>Mahindra Vehicle Manufacturers Limited – affiliate company</b>									
Intercompany receivable	1,256,881		– 83,394,045						
<b>Mahindra &amp; Mahindra Ltd – ultimate parent company</b>									
Accounts receivable					–	2,453,247		–	162,772,938
<b>Mahindra Tractor Assembly, Inc. – affiliate company</b>									
Engineering services payable					–	21,468		–	1,424,402
<b>Mahindra Graphics Research Designs S.R.L. – affiliate company</b>									
Designing service payable					–	491,351		–	32,601,139

**NOTE J – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 15, 2016 which is the date the financial statements were issued. No events have occurred subsequent to the balance sheets dated March 31, 2016 and 2015 that would require adjustments to the financial statements. The Company terminated the qualification to conduct business in Michigan for Mahindra North American Technical Center, Inc. on April 8, 2016.

## DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of the Company for the period ended 31<sup>st</sup> March 2016.

### Company Operations

Your Company was primarily focused on development, testing and production of the world's first connected electric scooter, the Genze 2.0 to consumers and fleet customers in the United States. The Company commenced shipments on December 1, 2015 and shipped over 88 scooters from its pre-depositor list to consumers primarily in the Bay Area and Portland. Every vehicle was equipped with a telematics unit which allowed vehicle data to be obtained at all times. It is our pleasure to report that the Genze 2.0 shipped to customers have been operating with minimal downtime and service rates. Your company also secured an order for 600 Genze 2.0 from Scoot Networks, the largest fleet operator in the U.S. Significant focus was placed on experiential, media and public relations to increase consumer and fleet sales in the Bay Area and Portland and your company relaunched its website and e-commerce site in December 2015. Efforts to boost marketing and public relations continue in to FY17. To broaden the spectrum of its product offerings, the Company continues to assemble Electric Bikes that are manufactured by its Korean partner to its specifications and currently has exclusive rights to assemble and sell them in the US, providing the company a unique portfolio of electric scooter and bikes.

### Financial Highlights

This was the third full year of operations for your Company that commenced operations on April 1, 2013 as a 100% subsidiary of Mahindra USA Inc. Effective December 1, 2014, the Company became a 100% subsidiary of Mahindra Overseas

Investment Company (Mauritius) Limited (MOICML). The Company increased its Authorized Share Capital and made an additional offering of its shares to MOICML. Its operating expenditures for the year were primarily for product testing, building prototypes and pre-production scooters and for marketing the Genze 2.0 electric two-wheeler that commenced shipment in December, 2015. The Company opened up a retail store in Portland during the year to boost up sales of its product. The Company closed down its retail store in Palo Alto, California as it re-focused its efforts in San Francisco by leasing a market activation pop-up location in the mall. The Torrance, Los Angeles fulfillment center was also closed down and the lease terminated as the Company decided to focus its efforts on the two main markets in San Francisco and Portland. Your Company made additional investments in its manufacturing /assembly line in Ann Arbor, MI and in the development of production tools for the GenZe 2.0. To prepare itself for sales of its scooters, the Company built up its inventory of raw material components during the year after considering lead times. Majority of the revenue for the year came from sale of e-bikes as the Company began sale of this product through Costco locations and plans to continue its efforts towards becoming the market leader in the two-wheeler transportation segment.

For and on behalf of the Board

**Vishwesh (Vish) Palekar**  
President & CEO

*May 5<sup>th</sup>, 2016*  
*Fremont, California*

## INDEPENDENT AUDITORS' REPORT

Board of Directors

Mahindra Tractor Assembly, Inc.

We have audited the accompanying financial statements of Mahindra Tractor Assembly, Inc. ("the Company") which comprise of balance sheets as of March 31, 2016 and March 31, 2015 and the related statements of loss, stockholder's equity and cash flows for the years then ended and the related notes to the financial statements.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Mahindra Tractor Assembly, Inc. as of March 31, 2016 and March 31, 2015 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

### Emphasis of matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia  
May 05, 2016



**BALANCE SHEET**

	Note	As at March 31, 2016		As at March 31, 2015	
		USD	INR	USD	INR
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents .....	C	92,623	6,145,535	605,739	40,190,783
Accounts receivables, net.....	D	1,625,615	107,859,555	1,539,404	102,139,455
Inventories .....	E	4,053,395	268,942,758	953,694	63,277,597
Prepaid and other current assets.....	F	196,020	13,005,927	162,293	10,768,140
Deferred tax asset, current, net.....		–	–	158,783	10,535,252
<b>Total current assets</b> .....		<b>5,967,653</b>	<b>395,953,775</b>	<b>3,419,913</b>	<b>226,911,227</b>
<b>Non-current assets</b>					
Property, plant and equipment.....	G	5,839,098	387,424,153	3,861,601	256,217,160
Other assets .....	H	75,883	5,034,837	122,226	8,109,695
Deferred tax asset, non-current.....		–	–	83,737	5,555,950
<b>Total non-current assets</b> .....		<b>5,914,981</b>	<b>392,458,990</b>	<b>4,067,564</b>	<b>269,882,805</b>
<b>Total assets</b> .....		<b>11,882,634</b>	<b>788,412,765</b>	<b>7,487,477</b>	<b>496,794,032</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable .....	J	2,555,584	169,562,998	1,646,494	109,244,877
Short term borrowings.....	I	7,775,000	515,871,250	–	–
Other current liabilities .....	K	744,748	49,414,030	545,655	36,204,209
<b>Total current liabilities</b> .....		<b>11,075,332</b>	<b>734,848,278</b>	<b>2,192,149</b>	<b>145,449,086</b>
<b>Non-current liabilities</b>					
Advance from related party .....		500,000	33,175,000	500,000	33,175,000
<b>Total non-current liabilities</b> .....		<b>500,000</b>	<b>33,175,000</b>	<b>500,000</b>	<b>33,175,000</b>
<b>Total liabilities</b> .....		<b>11,575,332</b>	<b>768,023,278</b>	<b>2,692,149</b>	<b>178,624,086</b>
<b>Stockholder's equity</b>					
Common stock of \$ 0.2 par value 78,050,000 shares authorized and issued .....	Q	15,610,000	1,035,723,500	5,610,000	372,223,500
Accumulated deficit.....		(15,302,698)	(1,015,334,014)	(814,672)	(54,053,556)
<b>Total stockholder's equity</b> .....		<b>307,302</b>	<b>20,389,486</b>	<b>4,795,328</b>	<b>318,169,944</b>
<b>Total liabilities and stockholder's equity</b> .....		<b>11,882,634</b>	<b>788,412,764</b>	<b>7,487,477</b>	<b>496,794,030</b>

(The accompanying notes are an integral part of these financial statements)

**STATEMENTS OF LOSS**

	Note	For the year ended March 31, 2016		For the year ended March 31, 2015	
		USD	INR	USD	INR
Revenue from operation		669,223	44,402,947	147,874	9,811,440
Service revenue		–	–	12,079,686	801,487,166
		<b>669,223</b>	<b>44,402,947</b>	<b>12,227,560</b>	<b>811,298,606</b>
<b>Cost and expenses</b>					
Cost of goods sold .....		1,027,875	68,199,506	82,467	5,471,685
Salaries and employee benefits .....		6,616,690	439,017,381	5,802,946	385,025,467
Selling, distribution and administration .....		5,291,202	351,071,256	3,923,261	260,308,367
Product development expense .....		997,208	66,164,751	1,462,521	97,038,268
Foreign withholding tax .....		–	–	1,050,436	69,696,429
Interest expense .....		213,145	14,142,171	13,652	905,810
Depreciation .....		697,641	46,288,481	401,084	26,611,923
Legal and professional fees .....		69,201	4,591,486	112,247	7,447,655
<b>Total operating expenses</b> .....		<b>14,912,962</b>	<b>989,475,032</b>	<b>12,848,615</b>	<b>852,505,674</b>
Other income .....	O	540	35,763	70,000	4,644,500
<b>Loss before income tax</b> .....		<b>(14,243,199)</b>	<b>(945,036,256)</b>	<b>(551,055)</b>	<b>(36,562,568)</b>
Deferred tax (expense) benefit .....	M	(242,521)	(16,091,268)	22,085	1,465,340
Current tax expense .....	M	(2,306)	(18,445)	(1,237)	(82,075)
<b>Net loss for the year</b> .....		<b>(14,448,026)</b>	<b>(961,280,527)</b>	<b>(530,207)</b>	<b>(35,179,303)</b>

(The accompanying notes are an integral part of these financial statements)

**STATEMENT OF STOCKHOLDER'S EQUITY  
FOR THE YEAR APRIL 1, 2015 TO MARCH 31, 2016 AND APRIL 1, 2014 TO MARCH 31, 2015**

	Common stock		Common stock		Accumulated deficit USD	Total stockholder's equity (deficit) USD
	Authorized		Issued and outstanding			
	Shares	USD	Shares	USD		
Balance as at April 01, 2014.....	10,000	10,000	10,000	10,000	(284,465)	(274,465)
Common stock authorized and issued during the year.....	6,790,000	6,790,000	5,600,000	5,600,000	–	5,600,000
Net loss for the year.....	–	–	–	–	(530,207)	(530,207)
<b>Balance as at March 31, 2015.....</b>	<b>6,800,000</b>	<b>6,800,000</b>	<b>5,610,000</b>	<b>5,610,000</b>	<b>(814,672)</b>	<b>4,795,328</b>
Balance as at April 01, 2015.....	6,800,000	6,800,000	5,610,000	5,610,000	(814,672)	4,795,328
Stock split during the year.....	34,000,000	6,800,000	28,050,000	5,610,000	–	–
Common stock authorized and issued during the year.....	44,050,000	8,810,000	50,000,000	10,000,000	–	15,610,000
Net loss for the year.....	–	–	–	–	(14,488,026)	(14,488,026)
<b>Balance as at March 31, 2016.....</b>	<b>78,050,000</b>	<b>15,610,000</b>	<b>78,050,000</b>	<b>15,610,000</b>	<b>(15,302,698)</b>	<b>307,302</b>

	Common stock		Common stock		Accumulated deficit INR	Total stockholder's equity INR
	Authorized		Issued and outstanding			
	Shares	INR	Shares	INR		
Balance as at April 01, 2014.....	10,000	663,500	10,000	663,500	(18,874,253)	(18,210,753)
Common stock authorized and issued during the year.....	6,790,000	450,516,500	5,600,000	371,560,000	–	371,560,000
Net loss for the year.....	–	–	–	–	(35,179,234)	(35,179,234)
<b>Balance as at March 31, 2015.....</b>	<b>6,800,000</b>	<b>451,180,000</b>	<b>5,610,000</b>	<b>372,223,500</b>	<b>(54,053,487)</b>	<b>318,170,013</b>
Balance as at April 01, 2015.....	6,800,000	451,180,000	5,610,000	372,223,500	(54,053,487)	318,170,013
Stock split during the year.....	34,000,000	2,255,900,000	28,050,000	1,861,117,500	–	–
Common stock authorized and issued during the year.....	44,050,000	2,922,717,500	50,000,000	3,317,500,000	–	1,035,723,500
Net loss for the year.....	–	–	–	–	(961,280,527)	(961,280,527)
<b>Balance as at March 31, 2016.....</b>	<b>78,050,000</b>	<b>5,178,617,500</b>	<b>78,050,000</b>	<b>5,178,617,500</b>	<b>(1,015,334,014)</b>	<b>20,389,486</b>

(The accompanying notes are an integral part of these financial statements)

**STATEMENT OF CASH FLOWS**

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	USD	INR	USD	INR
<b>Cash flows from operating activities</b>				
Net loss .....	(14,448,026)	(961,280,527)	(530,207)	(35,179,234)
Adjustments to reconcile net loss to net cash used in operating activities				
Loss on sale of assets .....	8,235	546,392	–	–
Deferred tax (benefit)/expense .....	242,521	16,091,268	(22,085)	(1,465,340)
Depreciation .....	697,641	46,288,480	401,084	26,611,923
Provision for inventory write down .....	211,254	14,016,703	–	–
	<b>(13,328,375)</b>	<b>(884,337,681)</b>	<b>(151,208)</b>	<b>(10,032,651)</b>
<b>Net change in non-cash operating working capital</b>				
Accounts receivables, net.....	(86,211)	(5,720,100)	(1,614,719)	(107,136,606)
Prepaid and other current assets.....	(33,727)	(2,237,786)	(136,596)	(9,063,145)
Inventories .....	(3,310,955)	(219,681,864)	(953,694)	(63,277,597)
Other assets (non-current) .....	46,343	3,074,858	(105,225)	(6,981,679)
Accounts payables.....	909,090	60,318,122	132,956	8,821,631
Other current liabilities.....	199,093	13,209,821	233,044	15,462,469
<b>Net cash flows used in operating activities .....</b>	<b>(15,604,742)</b>	<b>(1,035,374,632)</b>	<b>(2,595,442)</b>	<b>(172,207,577)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment.....	(2,699,774)	(179,130,005)	(3,186,324)	(211,412,597)
Sale of property, plant and equipment .....	16,400	1,088,140	–	–
<b>Net cash flows used in investing activities .....</b>	<b>(2,683,374)</b>	<b>(178,041,865)</b>	<b>(3,186,324)</b>	<b>(211,412,597)</b>
<b>Cash flow from financing activities</b>				
Net proceeds from line of credit .....	7,775,000	515,871,250	–	–
Issuance of common stock .....	10,000,000	663,500,000	5,600,000	371,560,000
<b>Net cash flows from financing activities.....</b>	<b>17,775,000</b>	<b>1,179,371,250</b>	<b>5,600,000</b>	<b>371,560,000</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(513,116)</b>	<b>(34,045,248)</b>	<b>(181,766)</b>	<b>(12,060,174)</b>
Cash and cash equivalents at the beginning.....	605,739	40,190,783	787,505	52,250,957
<b>Cash and cash equivalents at the end .....</b>	<b>92,623</b>	<b>6,145,535</b>	<b>605,739</b>	<b>40,190,783</b>
<b>Supplemental cash flow information</b>				
Income taxes paid .....	1,898	125,932	1,964	130,311
Interest paid .....	212,820	14,120,607	13,652	905,810

(The accompanying notes are an integral part of these financial statements)

## NOTES TO FINANCIAL STATEMENTS

### NOTE A - NATURE OF OPERATIONS

Mahindra Tractor Assembly, Inc. ("MTAI" or the "Company"), a company incorporated in the State of Delaware on January 25, 2013, commenced business on April 1, 2013. The Company was owned by Mahindra USA, Inc. ("MUSA"), a Texas Corporation. MUSA is a subsidiary of Mahindra & Mahindra Limited ("M&M"); a public listed Indian company ("the ultimate parent company").

Ownership of MTAI was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited ("MOICM") in November, 2014, by issuance of 5,600,000 additional shares of \$1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company, MOICM.

The Company was formed to manufacture or assemble and sell electric powered bikes and scooters (hereinafter the "Mahindra GenZe Product" or "the Product").

On April 1, 2013, MTAI, entered into an agreement with M&M., to develop the Product, establish the component supply chain and determine the marketing channels for future sales of the Product. The scope of services that the Company renders to M&M per the agreement includes –

1. Engaging the services of design, prototyping, engineering experts for development of the Product.
2. Engaging with state level and other authorities for testing of product and other statutory and other approvals as may be necessary for development of the Product.
3. Registering the use of intellectual property resulting out of the services engagement.
4. Establish a reliable supply chain for the entire bill of materials developed for the Product.
5. Determine and develop alternative marketing channels for the Product.

The above agreement however has been discontinued with effect from April 1, 2015.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. *Basis of preparation*
  - a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ("US GAAP") to reflect the financial position, results of operation and cash flows of the Company. The Company meets the definition of a non-public entity and accordingly, relaxations from specific disclosures have been considered wherever available.
  - b. The financial statements are for the year April 1, 2015 to March 31, 2016 and April 1, 2014 to March 31, 2015.
  - c. The financial information in this report is shown in both US Dollars (USD) and in Indian Rupees (INR). For March 31, 2016 and March 31, 2015, dollar amounts are translated for convenience into Indian rupees at exchange rate of 66.35 INR per dollar which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai branch of State Bank of India on March 31, 2016. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amount.
  - d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net income or stockholders' equity.
2. *Use of estimates*

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses

during the reported period. The management's estimates for allowance for doubtful debts and provision for current and deferred taxes, provision for warranty costs represent some of the estimates. Actual results could differ from those estimates.

#### 3. *Cash and cash equivalents*

The Company considers all cash accounts, money market accounts, and certificates of deposit with maturities of less than three months to be cash and cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000.

#### 4. *Revenue recognition*

##### *Service revenue*

During the previous year ended March 31, 2015, the Company rendered research and development services that were reimbursed by a third party. Revenues on this cost-plus contract were recognized as the services are performed. The Company's effort, measured on a monthly basis, represents the contractual milestone or output measure, which is the contractual earnings pattern. However, the Company discontinued such research and developments services to the party with effect from April 1, 2015.

##### *Sale of products*

The Company recognizes revenues when assembled E-Bikes and manufactured GenZe 2.0 Electric Scooters (collectively known as "GenZe Products") have been shipped pursuant to a purchase order or other contractual arrangement, the sales price is fixed or determinable, and collectability is reasonably assured. The Company's revenues are also generated from the sale of accessories.

Deposits received in advance from the customers are recognized as deferred revenue.

#### 5. *Government incentive*

The Company receives incentive from the Michigan Economic Development Council in the form of grants. Grants are recognized at their fair values in the statement of loss where there is a reasonable assurance that grant is received and all attaching conditions will be complied with.

#### 6. *Provision for warranty costs*

The Company generally provides for the estimated cost of product warranties at the time the related revenue is recognized. The Company estimates the warranty cost as a percentage of cost of goods sold. The Company assesses the adequacy of its accrued warranty liabilities and adjusts the amounts as necessary based on actual experience and changes in future estimates.

#### 7. *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation will be eliminated from the accounts and the resulting gain or loss will be credited or charged to operations.

The estimated useful life used to determine depreciation is:

<b>Class of asset</b>	<b>Useful life</b>
Engineering equipment	3 years
Machinery & equipment	5 to 7 years
Production tools	60,000 units
Computer software	2 to 3 years
Computer equipment	3 years
Furniture equipment	3 years
Vehicles	2 to 5 years
Leasehold improvements	Lease term

The cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

8. *Impairment of long-lived assets*

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

9. *Accounts receivable & allowance for doubtful accounts*

Accounts receivable from ultimate parent company represent service fee receivable. Trade receivables represents receivable on sale of GenZe Product and its accessories. The Company does not maintain an allowance for doubtful account for the parent company receivable. For the trade receivables, the Company follows the specific identification method for recognizing allowance for doubtful debts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful accounts. Allowance for doubtful debt is included in selling, distribution and administration expenses in the statements of loss.

10. *Research and development costs*

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed.

11. *Income taxes*

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

12. *Inventories*

Inventories are stated at the lower of cost and market value. Cost is determined using the standard costing method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labor, material cost and production overheads. A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete and impaired inventory. Such write-downs, if any, are included in cost of revenues.

13. *Fair value measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

14. *Operating leases*

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

15. *Advertising expense*

Advertising costs are presented as part of selling, general, and administrative expenses in the statement of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing costs incurred by the Company for the years ended March 31, 2016 and March 31, 2015 is \$ 1,738,452 (INR 115,346,291) and \$ 831,003 (INR 55,137,049), respectively.

16. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

**NOTE C - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of the following:

	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
Balances with banks	88,211	5,852,800	605,675	40,186,536
Cash in hand	101	6,701	-	-
PayPal account	4,311	286,054	64	4,246
	<u>92,623</u>	<u>6,145,535</u>	<u>605,739</u>	<u>40,190,783</u>

Cash balances in bank account are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000 [INR 16,587,500]. At March 31, 2016 and March 31, 2015, the Company had \$Nil [INR Nil] and \$229,089 [INR 15,200,055] (Silicon Valley Bank) cash at risk, respectively.

**NOTE D - ACCOUNTS RECEIVABLE, NET OF ALLOWANCES**

Accounts receivable comprise of:

	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
<b>Receivable from parent company</b>	1,499,795	99,511,398	1,498,740	99,441,399
Trade receivables	125,820	8,348,157	40,664	2,698,056
<b>Accounts receivable, net of allowances</b>	<u>1,625,615</u>	<u>107,859,555</u>	<u>1,539,404</u>	<u>102,139,455</u>

The activities in provision for doubtful debts account are as given below-

	Year ended March 31, 2016		Year ended March 31, 2015	
	USD	INR	USD	INR
<b>Balance at beginning of the year</b>	-	-	-	-
Provisions made during the year	1,799	119,364	-	-
Bad debts written-off during the year	(1,799)	(119,364)	-	-
<b>Balance at end of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTE E – INVENTORIES**

Inventories comprise of the following:

	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
Raw material*	2,332,567	133,740,633	45,911	3,046,195
Finished goods	1,464,196	97,149,405	907,142	60,188,872
Work in progress	467,886	52,069,423	641	42,530
Inventory reserve	(211,254)	(14,016,703)	–	–
<b>Total</b>	<b>4,053,395</b>	<b>268,942,758</b>	<b>953,694</b>	<b>63,277,597</b>

\* Raw materials include inventory in transit amounting to \$ 316,883 as at March 31, 2016.

During the year ended March 31, 2016, \$211,254 (INR 14,016,703) was recognized as an expense for inventories carried at net realisable value. This is recognized in cost of goods sold.

**NOTE F – PREPAID AND OTHER CURRENT ASSETS**

Prepaid and other current assets comprise of the following:

	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
Prepaid expenses	186,847	12,397,299	85,568	5,677,438
Other receivables#	7,128	472,943	75,505	5,009,759
Other deposits	2,045	135,685	1,220	80,949
<b>Total</b>	<b>196,020</b>	<b>13,005,927</b>	<b>162,293</b>	<b>10,768,147</b>

# Includes grant receivable as at March 31, 2015 from Michigan Economic Development Council.

**NOTE G – PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment comprise of the following:

	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
Engineering equipment	353,263	23,439,000	261,038	17,319,871
Machinery and equipment	2,480,109	164,555,232	411,937	27,332,020
Production tools	2,472,115	164,024,830	–	–
Computer equipment	124,852	8,283,930	86,542	5,742,062
Computer software	310,083	20,574,007	40,431	2,682,597
Leasehold improvements	618,254	41,021,153	512,725	34,019,304
Furniture equipment	144,806	9,607,878	91,526	6,072,750
Vehicles	291,457	19,338,172	101,960	6,765,046
Capital work in progress	174,180	11,556,843	2,782,043	184,588,553
<b>Total</b>	<b>6,969,119</b>	<b>462,401,046</b>	<b>4,288,202</b>	<b>284,522,203</b>
Accumulated depreciation	(1,130,021)	(74,976,893)	(426,601)	(28,305,043)
<b>Property, plant and equipment, net</b>	<b>5,839,098</b>	<b>387,424,152</b>	<b>3,861,601</b>	<b>256,217,160</b>

Depreciation expense for the years ended March 31, 2016 and March 31, 2015 is \$ 697,641 [INR 46,288,481] and \$401,084 [INR 25,123,875], respectively.

**NOTE H – OTHER ASSETS**

Other non-current assets comprise of:

	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
Deposits - security	55,883	3,707,837	122,226	8,109,695
Deposits - general	20,000	1,327,000	–	–
<b>Total</b>	<b>75,883</b>	<b>5,034,837</b>	<b>122,226</b>	<b>8,109,695</b>

**NOTE I – SHORT TERM BORROWINGS**
*Demand Credit Facility from Bank of America N.A.*

During the previous year ended March 31, 2015, the Company obtained a demand credit facility from Bank of America N.A. by way of current account

bank overdraft agreement wherein the Company can utilize amount up to \$ 2,000,000. This credit facility was obtained for the purpose of working capital requirements and for general corporate purposes. All current assets of the Company serve as collateral for this credit arrangement.

During the current year ended March 31, 2016, the credit facility agreement with Bank of America was amended to increase limit of the facility upto \$15,000,000.

The average rate of interest charged by the bank during the year ended March 31, 2016 and March 31, 2015 is 4.08% p.a. and 4% p.a., respectively. The interest is payable on the daily closing balance of the loan which shall be calculated and payable monthly. The credit facility is repayable upon demand.

For the year ended March 31, 2016, finance charges of \$ 213,145 (INR 14,142,171) (March 31, 2015: \$ 13,652; [INR 905,810]) have been included in interest expense in the statement of loss. As on March 31, 2016, the Company has utilized \$ 7,775,000 (INR 515,871,250) (March 31, 2015 \$ NIL (INR NIL)) and the remaining unutilized overdraft facility was \$ 7,225,000 (INR 479,378,750) (March 31, 2015 is \$ 2,000,000 (INR 132,700,000)).

**NOTE J – ACCOUNTS PAYABLE**

Account payable comprise of the following:

	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
Trade payables	1,552,916	99,958,995	688,678	45,693,785
Due to related parties (Refer Note N)	1,002,669	69,604,003	957,816	63,551,092
<b>Total</b>	<b>2,555,585</b>	<b>169,562,998</b>	<b>1,646,494</b>	<b>109,244,877</b>

**NOTE K – OTHER CURRENT LIABILITIES**

Other current liabilities comprise of the following:

	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
Accrued expenses	300,451	19,934,924	175,115	11,618,881
Accrued bonus	405,936	26,933,853	332,153	22,038,351
Deferred revenue	23,328	1,547,813	24,250	1,608,989
Income tax provision	1,606	106,558	1,198	79,487
Credit card dues	13,427	890,882	12,939	858,503
<b>Total</b>	<b>744,748</b>	<b>49,414,030</b>	<b>545,655</b>	<b>36,204,209</b>

**NOTE L – COMMITMENTS AND CONTINGENCIES**
*Litigations*

There was no outstanding litigation as at March 31, 2016 and March 31, 2015 and during the years then ended.

*Lease obligations*

The Company has following lease obligations for business premises and locations:

- Ann Arbor, Michigan– industrial and office use.  
The period of lease is from January 1, 2014 to December 31, 2016 with an option to extend the lease for additional term of 3 years. The average rent expense for this lease is \$ 14,000 per month [INR 1,445,567]. In addition to this Company has provided a security deposit of \$ 17,000 for period of three years.
- Fremont, California – office premises.  
The period of lease is from May 1, 2014 to May 31, 2019. The average rent expense for this lease is \$11,148 per month [INR 739,685]. In addition to this Company has provided a security deposit of \$ 16,716 for period of five years.
- Portland, Airport Business Center – office use  
The period of lease is from June 1, 2014 to July 31, 2019. The average rent expense for this lease is \$2,378 per month [INR 157,765]. In addition to this the Company has provided a security deposit of \$7,494 for period of five years.

MAHINDRA TRACTOR ASSEMBLY INC.

- 4) Portland, Oregon – office use  
The period of lease is from October 1, 2015 to September 30, 2016. The average rent expense for this lease is \$4,471 per month [INR 409,591].
- 5) San Francisco – Westfield Mall  
The period of lease is from October 5, 2015 to October 4, 2016. The average rent expense for this lease is \$14,400 per month [INR 948,805].

The rent expense for the year ended March 31, 2016 is \$669,452 [INR 44,418,140] (March 31, 2015: \$522,711 [INR 34,681,875]).

As at March 31, 2016 future rental commitments for the leases are as follows:

(Amounts in USD)

Year ending			Portland – Airport Business Center	Portland - Oregon	San Francisco, Westfield Mall	Total
March 31	Ann Arbor	Fremont				
2017	126,000	133,779	28,533	26,827	86,400	401,539
2018	–	133,779	28,533	–	–	162,312
2019	–	133,779	28,533	–	–	162,312
2020	–	22,296	9,511	–	–	31,808

(Amounts in INR)

Year ending			Portland – Airport Business Center	Portland - Oregon	San Francisco, Westfield Mall	Total
March 31	Ann Arbor	Fremont				
2017	8,360,100	8,876,223	1,893,180	1,779,981	5,732,640	26,642,124
2018	–	8,876,223	1,893,180	–	–	10,769,403
2019	–	8,876,223	1,893,180	–	–	10,769,403
2020	–	1,479,370	631,060	–	–	2,110,430

**NOTE M – INCOME TAXES**

For the year ended March 31, 2016, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes are as follows:

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	USD	INR	USD	INR
<b>Current taxes</b>				
Federal	–	–	–	–
State	2,306	153,003	1,237	82,075
<b>Deferred taxes</b>				
Federal	242,479	16,088,482	(22,222)	(1,474,430)
State	42	2,786	137	9,090
<b>Total</b>	<b>244,827</b>	<b>16,244,271</b>	<b>(20,848)</b>	<b>(1,383,265)</b>

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	USD	INR	USD	INR
Income tax at federal rate	(4,842,973)	(321,331,259)	(187,755)	(12,457,544)
State tax, net of federal effect	1,803	119,629	966	64,094
Permanent differences	2,794	185,382	365,378	24,242,830
True-up	(178,170)	(11,821,580)	–	–
Change in R&D credit	(6,052)	(401,550)	(100,713)	(6,682,309)
Change in FTC credit	178,364	11,834,451	(1,050,436)	(69,696,249)
Change in valuation allowance	5,089,061	337,659,197	951,712	63,146,091
<b>Total</b>	<b>244,827</b>	<b>16,244,271</b>	<b>(20,848)</b>	<b>(1,383,265)</b>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows

	March 31, 2016		March 31, 2015	
	USD	INR	USD	INR
<b>Non-current deferred tax liability</b>				
Plant, property and equipment	(145,759)	(9,671,141)	(133,212)	(8,838,616)
<b>Non-current deferred tax assets</b>				
Tax credit	1,881,096	124,810,725	2,053,408	136,243,621
Net operating loss	4,922,302	326,594,710	–	–
Less: Valuation allowance	(6,657,638)	(441,734,293)	(1,836,458)	(121,848,988)
<b>Non-current deferred tax assets</b>	<b>145,759</b>	<b>(9,671,141)</b>	<b>216,950</b>	<b>14,394,633</b>
<b>Current deferred tax assets</b>				
Accrued vacation	71,930	4,772,586	45,665	3,029,873
Accrued bonus	138,553	9,193,006	113,118	7,505,379
Reserve for product warranty	4,341	288,031	–	–
Inventory reserve	72,105	4,784,156	–	–
Less: Valuation allowance	(286,930)	(19,037,779)	–	–
<b>Current deferred tax assets, net</b>	<b>–</b>	<b>–</b>	<b>158,783</b>	<b>10,535,252</b>

	March 31, 2016		March 31, 2015	
	USD	INR	USD	INR
Deferred taxes	6,944,568	460,772,072	2,078,979	137,940,257
Less: Deferred tax asset valuation allowance	(6,944,568)	(460,772,072)	(1,836,458)	(121,848,988)
<b>Net deferred taxes after tax allocation</b>	<b>–</b>	<b>–</b>	<b>242,521</b>	<b>16,091,268</b>
Components of net deferred taxes:				
Net current portion	–	–	83,738	5,556,016
Net non-current portion	–	–	242,521	16,091,268

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the current year loss and profitability projections for future tax years, the management believes that it is more likely than not that the deferred tax assets may not be realized during foreseeable future and accordingly, a valuation allowance of \$ 6,944,568 (INR 460,772,072) was recognized as at March 31, 2016.

The net deferred tax assets recognized were \$ Nil (INR NIL) and \$ 242,521 (INR 16,091,268) as at March 31, 2016 and March 31, 2015 respectively. The Company has federal net operating losses of \$ 14,422,940 (INR 956,962,069) as at March 31, 2016, which if unutilized will expire in the year 2035. The Company has state net operating loss carryforwards of approximately \$ 427,073 (INR 28,336,294) as at March 31, 2016, which if unutilized will expire based on the various state statutes. The company has R&D credit carryforwards and FTC carryforwards of \$ 223,001 (INR 14,796,116) and \$ 1,658,095 (INR 110,014,603) as on March 31, 2016.



**Accounting for uncertain tax position**

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2016 and March 31, 2015.

The tax years of 2013 through 2014 remain subject to examination by the taxing authorities.

**NOTE N – RELATED PARTY TRANSACTIONS**

Related parties with whom transactions have taken place during the year

1. Mahindra & Mahindra Limited – ultimate parent company.
2. Mahindra North America Technical Center Inc. – an affiliate company.
3. Mahindra Overseas Investment Company Mauritius Limited – immediate parent company.

Summary of transactions with related parties are as follows:

	March 31, 2016		March 31, 2015	
	USD	INR	USD	INR
<b>Balances at the end of the year</b>				
<i>Long term advance from</i>				
– Mahindra & Mahindra Limited	500,000	33,175,000	500,000	33,175,000
<i>Receivable for services</i>				
– Mahindra & Mahindra Limited	1,498,740	99,441,399	1,498,740	99,441,399
– Mahindra North America Technical Center Inc.	–	–	21,468	1,424,402
– Mahindra & Mahindra Limited (Automotive Division).	1,056	70,066	–	–
<i>Payable</i>				
– Mahindra & Mahindra Limited	957,816	63,551,092	957,816	63,551,092
– Mahindra & Mahindra Limited (Automotive Division)	44,853	2,975,997		
<b>Transactions during the year</b>				
<i>Revenue from</i>				
– Mahindra & Mahindra Limited	–	–	12,079,686	801,487,166
<i>Issuance of common stock</i>				
– Mahindra Overseas Investment Company Mauritius Limited	10,000,000	663,500,000	5,600,000	371,560,000

These related party transactions are in the normal course of business operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**NOTE O – OTHER INCOME**

Other income comprises of:

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	USD	INR	USD	INR
Michigan business development program	–	–	70,000	4,644,500
Miscellaneous	540	35,829	–	–
	<u>540</u>	<u>35,829</u>	<u>70,000</u>	<u>4,644,500</u>

The Company during the calendar year 2013 was awarded a \$ 300,000 business development grant for a project with Michigan Economic Development Council. During the year ended March 31, 2015, the Company achieved a milestone required and received \$ 70,000 of the grant money. During the current year ended March 31, 2016, the Company has not accrued the grant money.

**NOTE P – CONCENTRATIONS**

Financial instruments that have a potential to subject the Company to concentrations of credit risk comprise principally of cash equivalents and accounts receivable. The fair values of these financial instruments approximate their book values. During the year ended March 31, 2015, the Company received 99% of its revenue from its ultimate parent company which accounted for 99% of the accounts receivable are from this customer.

During the year ended March 31, 2016, the Company has not provided services to its parent company. However, 92% of the total accounts receivable as at March 31, 2016 pertains to this customer.

**NOTE Q – STOCKHOLDER'S EQUITY**
**Common stock**

Ownership of the Company was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited ("MOICM") on November 30, 2014, by issuance of 5,600,000 additional shares of \$1 each. Further 10,000 shares held by Mahindra USA Inc. were also transferred to the new parent company, MOICM.

The authorized share capital of the Company was changed and increased to 6,800,000 common shares of a par value of \$ 1 each and issued share capital as at March 31, 2015 is 5,610,000 shares at \$ 1 each.

During the year ended March 31, 2016, the Company increased the authorized share capital of the Company to \$15,610,000 vide Board meeting held on October 29, 2015. The management further resolved for 5 for 1 stock split of the shares of common stock, thus changing their par value from \$1 per share to \$0.20 per share. Thereby, the authorized number of shares changed to 78,050,000 shares at par value of \$0.2 per share. During the year, the Company issued additional 50,000,000 shares at par value of \$0.2 per share totaling to \$10,000,000 to MOICM.

**Voting**

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the company for all matters submitted to a vote.

**Liquidation**

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

**NOTE R – SUBSEQUENT EVENTS**

The Company evaluated all events and transactions that occurred after March 31, 2016 through May 05, 2016; the date the financial statements are issued. Further, based on its evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

## DIRECTORS' REPORT

### 1. Company Overview

Located in Pyeongtaek near Seoul, South Korea, SYMC is a manufacturer/seller of vehicles and automotive parts with a line-up of 7 models including;

- a) SUVs - Rexton, Actyon, Korando C and Tivoli;
- b) Pick up - Korando Sports (SUT);
- c) MPV - Korando Turismo; and
- d) Luxury sedans - Chairman W.

The Company also manufactures gasoline and diesel engines at its Changwon plant. The Company has 192 domestic dealers, and exports through distributors in 126 countries.

The Company has 2 overseas subsidiaries which are Ssangyong Motor (SHANGHAI) Company Limited in China, and Ssangyong European Parts Center B.V. in the Netherlands, and 1 local subsidiary which is SY Auto Capital.

### 2. Operation Overview

In 2015, despite a lot of difficulties in the domestic markets such as negative consumer sentiment due to the sluggish economy, the Korean automotive market has seen the sales increase by 8.6% to 1,589,393 thanks to the continued launches of new cars, the effort to enhance product competitiveness, temporary individual consumption tax reduction and other government's support.

Thanks to the success of new Tivoli GSL/DSL models and continued demand for Korando Sports in the domestic market, SYMC recorded growth rate of 44.4% yoy, recording the highest increase among 5 domestic auto makers. In the competing market, the market share has risen by 1.8% from 14.9% in 2014 to 16.7% in 2015.

Total export sales volume decreased by 36.7% over the previous year due to shortfalls in Russia and China which were partly offset by growth in West Europe.

Total sales of SYMC in 2015 increased by 2.6% to 144,764 units including 99,664 units in the domestic market and 45,100 (including CKD) units in the export markets.

Total sales revenue of 2015 increased by 2.1% to KRW 3,385.6 bn (INR 190.3 bn).

### 3. Profit and Loss

The company's operating loss decreased to KRW 33.2bn (INR 1.9 bn) in 2015 from KRW 77.8 bn (INR 4.5 bn) in 2014, reducing deficit by 57.3%, but net loss increased by 16.0% to KRW 58.7 bn (INR 3.3 bn) in 2015 from net loss of KRW 50.6 bn (INR 2.9bn) in 2014 due to FX-related losses.

### 4. Financial Status

Total asset increased by KRW 73.8 bn (INR 4.6 bn) to KRW 2,047.6 bn (INR 114.7 bn) at the end of 2015, from KRW 1,973.8 bn (INR 113.5 bn) at the end of the preceding

fiscal year. Total liabilities increased by KRW 131.1 bn (INR 7.4 bn) to KRW 1,321.8 bn (INR 74.3 bn) at the end of 2015 from KRW 1,190.7 bn (INR 68.5 bn) at the end of the preceding fiscal year. Total capital decreased by KRW 57.3 bn (INR 3.2 bn) to KRW 725.8 bn (INR 41.4 bn) at the end of 2015 from KRW 783.1bn (INR 45.0 bn) at the end of the preceding fiscal year, and debt ratio (total liabilities to total capital) increased by 30.0% to 182.1% from 152.1% at the end of the preceding fiscal year.

The increase in assets is thanks to the increased value of both tangible and intangible assets of KRW 50.1bn (INR 2.8bn) with the launch a new car. The main causes for the increase in liabilities are the increases in borrowings (KRW 66.2bn (INR 3.7bn)) and the trade payable (KRW 65.4bn (INR 3.7bn)).

Share capital at the end of 2015 is KRW 686.1 bn (INR 40.3 bn) same as that of 2014. There has not been a change after the issuance of 14,545,455 shares through a third party allotment, total value of KRW 80bn (INR 4.7 bn) (Including premium of KRW 7.3bn (INR 0.4bn) on stock issued).

### 5. Future Business Plan

SYMC has adopted Promise 2016 as the mid and long-term corporate goal since 2014 after successfully achieving Promise 2013.

With the 'Tivoli' which dominates the sales in the small segment since its debut 2015, SYMC plans to expand global sales by 7% to about 150,0000 units with Tivoli-air (long body of Tivoli) ('XLV' in the export markets) in 2016.

Tivoli brand, as a representing brand of SYMC, will play a pivotal role in making business turnaround and achieving the company's mid-long-term goal.

To this end, SYMC will ▲ lay the groundwork for surplus, ▲ adopt a plan responding to changing global auto-markets, and ▲ focus on establishing efficient production and quality management system based on cooperative labor-management relationship.

In particular, SYMC will make the utmost efforts to lay the groundwork for surplus and to improve profitability. SYMC will also fasten its belt in preparation for uncertain business management conditions.

### 6. Corporate Governance

#### 1) Board of Directors

##### i. Composition of BOD and other board committee

Name	BOD	Status	Other Board Committee
Pawan Kumar Goenka	Director (Chairman)	Non-standing	Chairman of Management Committee Member of Outside Director Candidate Recommendation Committee
Johng-Sik Choi	Director (CEO)	Standing	Member of Management Committee

Name	BOD	Status	Other Board Committee
Rajeev Dubey	Director	Non-standing	–
Bong-Hee Won	Outside Director	Non-standing	Member of Audit Committee
Yong-Hwan, Park	Outside Director	Non-standing	Member of Audit Committee
Dominic DiMarco	Outside Director	Non-standing	Member of Audit Committee Member of Outside Director Candidate Recommendation Committee
Dae-Ryun Chang	Outside Director	Non-standing	Chairman of Audit Committee Member of Outside Director Candidate Recommendation Committee

\* At the 54th Annual Shareholders Meeting held on March 23, 2016, Outside Director Yoon-Suk Suh and Ki-Hwan Kim retired upon the expiration of their term of office, and Mr. Won and Mr. Park were newly appointed as new Outside Directors.

## 2) Annual Shareholder's Meetings

- i. Date, Time and Location where last three AGMs held.

	2016	2015	2014
<b>Date &amp; time</b>	Mar 23, 2016 09:30 am	Mar 24, 2015 09:30 am	Mar 26, 2014 09:30 am
<b>Special resolutions</b>	–	Revision of the Articles of incorporation	–
<b>Location</b>	455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Seminar room of Miraedong dormitory		

		Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
High	KRW	8,100	8,480	9,030	8,840	9,500	9,300	10,150	10,300	11,500	10,250	10,500	9,380
	INR	455	477	508	497	534	523	571	579	646	576	590	527
Low	KRW	7,360	7,440	8,220	8,110	7,500	8,610	8,600	9,310	8,820	8,750	8,500	8,040
	INR	414	418	462	456	422	484	483	523	496	492	478	452

- viii. Registrar and Transfer Agents : Korea Securities Depository
- ix. Plant Locations;
- Pyeongtaek plant : 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea
  - Changwon plant : 79, Seongsan-dong, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Korea
- x. Address for correspondence: Ssangyong Motor Company, 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea

## 3) Disclosure

- i. Details of non-compliance by the company and penalties imposed by administrative agencies during the last three years.
- Date: September, 2014
  - Details: Administrative penalties – KRW 1 bn (INR 58 mn)
  - Reason: 'Korando C (AMY-SY-14-60)' fitted with OBD which is different from that permitted in the certification was sold for the period between Aug. 01, 2013 and Mar. 25, 2014. (13,200 units in total, and KRW 264 bn in revenue).

## 4) General Shareholder information

- i. Date, time and venue of General Shareholders Meeting;
- Mar 23, 2016, 9:30 am, 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Seminar room of Miraedong dormitory
- ii. Financial year: Jan. 1 – Dec. 31
- iii. Date of Book closure: Dec. 31
- iv. Dividend Payment Date: N/A
- v. Listing on Stock Exchanges: Korea Exchange (KRX)
- vi. Stock Code: 003620 (KOSPI)
- vii. Market Price Data of 2015

For and on behalf of the Board

**Dr. Pawan Kumar Goenka**

Chairman

Pyeongtaek, South Korea, 23<sup>rd</sup> March, 2016

## INDEPENDENT AUDITORS' REPORT

English Translation of Independent Auditors' Report Originally Issued in Korean on March 8, 2016.

### To the Shareholders and Board of Directors of Ssangyong Motor Company

#### Report on the Financial Statements

We have audited the accompanying separate financial statements of Ssangyong Motor Company (the "Company"), which comprise the separate statements of financial position as of December 31, 2015 and December 31, 2014, respectively, and the separate statements of comprehensive income, separate statements of changes in stockholders' equity and separate statements of cash flows, for the years ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2015, and December 31, 2014, respectively and its financial performance and its cash flows for the years then ended in accordance with K-IFRS.

#### Others

Our audit also comprehended the translation of Korean Won amounts into Indian rupee amounts and, in our opinion, such translation has been made in conformity with the basis in Note 2. Such Indian rupee amounts are presented solely for the convenience of readers.

March 8, 2016

**Deloitte Anjin LLC**  
9F, One IFC,  
10, Gukjegeumyung-ro  
Youngdeungpo-gu, Seoul  
150-945, Korea

#### Notice to Readers

This report is effective as of March 8, 2016, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the separate financial statements and may result in modifications to the auditor's report.

## STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2015, AND DECEMBER 31, 2014

	Korean won		Indian-Rupee	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(In thousands)		(In thousands)	
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents (Notes 4, 5 and 34)	₩ 192,773,290	₩ 149,091,232	Rs. 10,959,162	Rs. 8,475,837
Trade and other receivables, net (Notes 7, 33 and 34) .....	161,044,205	178,789,880	9,155,363	10,164,205
Derivatives assets (Notes 26 and 34).....	1,707,695	1,232,650	97,082	70,076
Inventories, net (Notes 8 and 25).....	243,631,536	257,522,706	13,850,453	14,640,166
Other current assets (Note 10).....	6,537,137	7,716,268	371,635	438,670
Total current assets.....	<u>605,693,863</u>	<u>594,352,736</u>	<u>34,433,695</u>	<u>33,788,954</u>
<b>NON-CURRENT ASSETS:</b>				
Non-current financial instruments (Notes 5 and 34).....	6,000	6,000	341	341
Non-current available-for-sale financial assets (Notes 6 and 34).....	560,000	560,000	31,836	31,836
Non-current other receivables, net (Note 7 and 34).....	50,222,268	48,163,339	2,855,136	2,738,086
Property, plant and equipment, net (Note 11)...	1,187,781,726	1,173,658,635	67,525,391	66,722,493
Intangible assets (Note 12) .....	186,944,585	150,915,434	10,627,800	8,579,542
Investments in subsidiaries (Note 9).....	5,829,056	5,829,056	331,382	331,382
Investments in associates and joint ventures (Note 9) .....	10,200,000	–	579,870	–
Total non-current assets (Note 10).....	<u>352,985</u>	<u>360,473</u>	<u>20,066</u>	<u>20,492</u>
Total non-current assets .....	<u>1,441,896,620</u>	<u>1,379,492,937</u>	<u>81,971,822</u>	<u>78,424,172</u>
<b>TOTAL ASSETS</b> .....	<u>₩ 2,047,590,483</u>	<u>₩ 1,973,845,673</u>	<u>Rs. 116,405,517</u>	<u>Rs. 112,213,126</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Trade and other payables (Notes 33 and 34)	637,482,214	625,003,152	36,240,864	35,531,429
Short-term borrowings (Notes 13, 18 and 34)...	153,224,546	99,540,013	8,710,815	5,658,850
Derivatives liabilities (Notes 26 and 34) .....	24,074	14,974,250	1,369	851,286
Provision for product warranties (Note 15).....	56,861,222	57,556,475	3,232,560	3,272,086
Long-term employee benefits obligation.....	1,960,778	1,770,267	111,470	100,640
Other current liabilities (Note 16) .....	28,855,530	22,463,040	1,640,437	1,277,024
Total current liabilities .....	<u>₩ 878,408,364</u>	<u>₩ 821,307,197</u>	<u>Rs. 49,937,515</u>	<u>Rs. 46,691,315</u>

(Continued)

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS OF DECEMBER 31, 2015, AND DECEMBER 31, 2014**

	Korean won		Indian Rupee	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(In thousands)		(In thousands)	
<b>NON-CURRENT LIABILITIES:</b>				
Long-term borrowing (Note 13) .....	₩ 37,500,000	₩ 25,000,000	Rs. 2,131,875	Rs. 1,421,250
Other non-current payables (Note 34) .....	12,612,614	3,534,693	717,027	200,947
Retirement benefit obligation (Note 17) .....	292,005,725	246,748,389	16,600,525	14,027,646
Other long-term employee benefits obligation ..	14,321,821	13,849,312	814,196	787,333
Provision for long-term product warranties (Note 15) .....	86,932,757	80,309,564	4,942,127	4,565,599
Total non-current liabilities .....	<u>443,372,917</u>	<u>369,441,958</u>	<u>25,205,750</u>	<u>21,002,775</u>
<b>TOTAL LIABILITIES</b> .....	<u>1,321,781,281</u>	<u>1,190,749,155</u>	<u>75,143,265</u>	<u>67,694,090</u>
<b>SHAREHOLDERS' EQUITY:</b>				
Capital stock (Note 19) .....	686,100,480	686,100,480	39,004,812	39,004,812
Other capital surplus (Note 20) .....	131,678,359	129,383,402	7,485,914	7,355,446
Other capital adjustments (Note 21 and 26) .....	227,340	(14,167,300)	12,924	(805,411)
Retained earnings (accumulated deficit) (Notes 22) .....	<u>(92,196,977)</u>	<u>(18,220,064)</u>	<u>(5,241,398)</u>	<u>(1,035,811)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b> .....	<u>725,809,202</u>	<u>783,096,518</u>	<u>41,262,252</u>	<u>44,519,036</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> .....	<u>₩2,047,590,483</u>	<u>₩1,973,845,673</u>	<u>Rs. 116,405,517</u>	<u>Rs. 112,213,126</u>

(Concluded)

See accompanying notes to financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

	Korean Won		Indian Rupee	
	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
	(In thousands)		(In thousands)	
SALES (Notes 32 and 33).....	₩ 3,385,555,598	₩ 3,314,895,562	Rs. 192,468,836	Rs. 188,451,813
COST OF SALES (Notes 25 and 33).....	<u>2,868,337,736</u>	<u>2,867,898,570</u>	<u>163,065,000</u>	<u>163,040,034</u>
GROSS PROFIT.....	517,217,862	446,996,992	29,403,836	25,411,779
SELLING AND ADMINISTRATIVE EXPENSES (Notes 25 and 27).....	<u>550,410,785</u>	<u>524,842,382</u>	<u>31,290,853</u>	<u>29,837,289</u>
OPERATING LOSS .....	(33,192,923)	(77,845,390)	(1,887,017)	(4,425,510)
NON-OPERATING INCOME (Note 28) .....	31,829,988	47,614,038	1,809,535	2,706,858
NON-OPERATING EXPENSES (Note 28).....	29,824,657	54,096,404	1,695,532	3,075,381
FINANCIAL INCOME (Note 29).....	17,730,732	50,717,417	1,007,992	2,883,285
FINANCIAL COST (Note 29) .....	<u>45,202,320</u>	<u>17,025,454</u>	<u>2,569,752</u>	<u>967,897</u>
LOSS BEFORE INCOME TAX .....	(58,659,180)	(50,635,793)	(3,334,774)	(2,878,645)
INCOME TAX EXPENSE (Note 24) .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET LOSS.....	(58,659,180)	(50,635,793)	(3,334,774)	(2,878,645)
OTHER COMPREHENSIVE LOSS .....	<u>(923,093)</u>	<u>(56,311,215)</u>	<u>(52,478)</u>	<u>(3,201,293)</u>
TOTAL COMPREHENSIVE LOSS.....	₩ <u>(59,582,273)</u>	₩ <u>(106,947,008)</u>	Rs. <u>(3,387,252)</u>	Rs. <u>(6,079,938)</u>
LOSS PER SHARE (Note 30) Basic and diluted loss per share .....	₩ <u>(428)</u>	₩ <u>(369)</u>	Rs. <u>(24)</u>	Rs. <u>(21)</u>

See accompanying notes to financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	Korean won in thousands									
	Capital stock	Other capital surplus						Other capital adjustments	Retained earnings (accumulated deficit)	Total
		Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stocks	Other capital surplus			
Balance at January 1, 2014.....	₩ 686,100,480	₩ 11,452,713	₩ 120,351,580	₩ 931,508	₩ (108,530)	₩ -	₩ (3,243,869)	₩ 26,833,680	₩ 47,725,964	₩ 890,043,526
Net loss.....	-	-	-	-	-	-	-	-	(50,635,793)	(50,635,793)
Actuarial loss....	-	-	-	-	-	-	-	-	(15,310,235)	(15,310,234)
Increase in treasury stock...	-	-	-	-	(1,081,290)	-	-	-	-	(1,081,290)
Loss on valuation of derivatives .....	-	-	-	-	-	-	-	(41,000,980)	-	(41,000,980)
Others.....	-	-	(2,162,579)	-	-	-	3,243,869	-	-	1,081,290
Balance at December 31, 2014.....	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (1,189,820)	₩ -	₩ -	₩ (14,167,300)	₩ (18,220,064)	₩ 783,096,518
Balance at January 1, 2015.....	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (1,189,820)	₩ -	₩ -	₩ (14,167,300)	₩ (18,220,064)	₩ 783,096,518
Net loss.....	-	-	-	-	-	-	-	-	(58,659,180)	(58,659,180)
Actuarial losse..	-	-	-	-	-	-	-	-	(15,317,733)	(15,317,733)
Disposal of treasury stock...	-	-	-	-	1,189,820	1,105,137	-	-	-	2,294,957
Gain on valuation of derivatives .....	-	-	-	-	-	-	-	14,394,640	-	14,394,640
Balance at December 31, 2015.....	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,137	₩ -	₩ 227,340	₩ (92,196,977)	₩ 725,809,202

	Indian rupee in thousands									
	Capital stock	Other capital surplus						Other capital adjustments	Retained earnings (accumulated deficit)	Total
		Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stocks	Other capital surplus			
Balance at January 1, 2014.....	Rs. 39,004,812	Rs. 651,087	Rs. 6,841,987	Rs. 52,956	Rs. (6,170)	Rs. -	Rs. (184,414)	Rs. 1,525,495	Rs. 2,713,221	Rs. 50,598,974
Net loss.....	-	-	-	-	-	-	-	-	(2,878,645)	(2,878,645)
Actuarial loss....	-	-	-	-	-	-	-	-	(870,387)	(870,387)
Increase in treasury stock...	-	-	-	-	(61,471)	-	-	-	-	(61,471)
Loss on valuation of derivatives .....	-	-	-	-	-	-	-	(2,330,906)	-	(2,330,906)
Others.....	-	-	(122,943)	-	-	-	184,414	-	-	61,471
Balance at December 31, 2014.....	Rs. 39,004,812	Rs. 651,087	Rs. 6,719,044	Rs. 52,956	Rs. (67,641)	Rs. -	Rs. -	Rs. (805,411)	Rs. (1,035,811)	Rs. 44,519,036
Balance at January 1, 2015.....	Rs. 39,004,812	Rs. 651,087	Rs. 6,719,044	Rs. 52,956	Rs. (67,641)	Rs. -	Rs. -	Rs. (805,411)	Rs. (1,035,811)	Rs. 44,519,036
Net loss.....	-	-	-	-	-	-	-	-	(3,334,774)	(3,334,774)
Actuarial losse..	-	-	-	-	-	-	-	-	(870,813)	(870,813)
Disposal of treasury stock...	-	-	-	-	67,641	62,827	-	-	-	130,468
Gain on valuation of derivatives .....	-	-	-	-	-	-	-	818,335	-	818,335
Balance at December 31, 2015.....	Rs. 39,004,812	Rs. 651,087	Rs. 6,719,044	Rs. 52,956	Rs. -	Rs. 62,827	Rs. -	Rs. 12,924	Rs. (5,241,398)	Rs. 41,262,252



## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	Korean won		Indian-Rupee	
	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
	(In thousands)		(In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net loss.....	₩ (58,659,180)	₩ (50,635,793)	Rs. (3,334,774)	Rs. (2,878,645)
Adjustment (Note 31) .....	216,863,010	182,028,912	12,328,662	10,348,344
Changes in net working capital (Note 31) ....	45,827,442	(66,252,128)	2,605,290	(3,766,433)
	<u>204,031,272</u>	<u>65,140,991</u>	<u>11,599,178</u>	<u>3,703,266</u>
Interests received .....	3,151,629	6,041,293	179,170	343,447
Interests paid .....	(3,520,527)	(3,618,200)	(200,142)	(205,695)
Dividend income received .....	480,229	738,010	27,301	41,956
Net cash (used in) provided by operating activities .....	<u>204,142,603</u>	<u>68,302,094</u>	<u>11,605,507</u>	<u>3,882,974</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash inflows from investing activities:				
Decrease in other receivables .....	7,836,122	–	445,484	–
Disposal of property, plant and equipment...	718,827	1,364,573	40,865	77,576
Disposal of intangible assets .....	–	587,760	–	33,414
Decrease in other assets .....	113,159	2,125	6,433	121
	<u>8,668,108</u>	<u>1,954,458</u>	<u>492,782</u>	<u>111,111</u>
Cash outflows from investing activities:				
Increase in other receivables.....	8,493,404	3,151,174	482,850	179,144
Acquisition of property, plant and equipment	151,090,305	183,663,377	8,589,484	10,441,263
Acquisition of intangible assets .....	66,873,343	72,703,278	3,801,750	4,133,181
Investments in associates and joint ventures	10,200,000	–	579,870	–
	<u>236,657,052</u>	<u>259,517,829</u>	<u>13,453,954</u>	<u>14,753,588</u>
Net cash used in investing activities .....	<u>(227,988,944)</u>	<u>(257,563,371)</u>	<u>(12,961,172)</u>	<u>(14,642,477)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Cash inflows from financing activities:				
Increase in borrowings.....	70,163,041	73,998,948	3,988,770	4,206,840
Increase in government grants.....	70,401	46,244	4,002	2,629
Paid-in capital increase .....	2,294,957	–	130,468	–
	<u>72,528,399</u>	<u>74,045,192</u>	<u>4,123,240</u>	<u>4,209,469</u>

(Continued)

**SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

	Korean won		Indian-Rupee	
	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings .....	₩ 5,000,000	₩ 95,404,765	Rs. 284,250	Rs. 5,423,761
Costs of stock issuance.....	—	—	—	—
	<u>5,000,000</u>	<u>95,404,765</u>	<u>284,250</u>	<u>5,423,761</u>
Net cash (used in) provided by financing activities.....	<u>67,528,399</u>	<u>(21,359,573)</u>	<u>3,838,990</u>	<u>(1,214,292)</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS.....	<u>43,682,058</u>	<u>(210,620,850)</u>	<u>2,483,325</u>	<u>(11,973,795)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR.....	<u>149,091,232</u>	<u>359,712,082</u>	<u>8,475,837</u>	<u>20,449,632</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR.....	<u>₩ 192,773,290</u>	<u>₩ 149,091,232</u>	<u>Rs. 10,959,162</u>	<u>Rs. 8,475,837</u>

(Concluded)

See accompanying notes to separate financial statements.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**1. GENERAL:****(1) Company overview and recent changes in business environment**

Ssangyong Motor Company (the "Company") was incorporated on December 6 in the Republic of Korea, 1962, and listed its stocks on the Korea Stock Exchange in May of 1975. The Company is headquartered in Dongsak-ro, Pyungtaek and its factories are located in Pyungtaek, Kyeonggi-do and Changwon, Kyeongsangnam-do, Republic of Korea. The Company manufactures and distributes motor vehicles and parts.

**(2) Major shareholders**

The Company's shareholders as of December 31, 2015, are as follows:

Name of shareholder	Number of shares owned	Percentage of ownership (%)
Mahindra & Mahindra Ltd.	99,964,502	72.85
Others	37,255,594	27.15
	137,220,096	100.00

**2. SIGNIFICANT ACCOUNTING POLICIES:**

The Company maintains its official accounting records in Korean won and prepares separate financial statements in conformity with Korean International Reporting Standards ("K-IFRS"), in the Korean language (Hangul). Accordingly, these separate financial statements are intended for use by those who are informed about K-IFRS and Korean practices. The accompanying separate financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, comprehensive income, changes in stockholders' equity or cash flows, is not presented in the accompanying separate financial statements.

The Indian rupee amounts presented in these financial statements were computed by translating the Korean Won into Indian rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.05685 at December 31, 2015), solely for the convenience of the reader. These convenience translations into Indian rupees should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

The financial statements as of and for the year ended December 31, 2015, to be submitted at the ordinary shareholders' meeting were authorized for issuance at the board of directors' meeting on February 16, 2016.

**(1) Basis of preparation**

The Company has prepared its financial statements in accordance with the Korean International Financial Reporting Standards ("K-IFRS").

The Company's financial statements are separate financial statements prepared in accordance with the requirements of K-IFRS 1027 Separate Financial Statements, in which a parent, or an investor with joint control of, or significant influence over, an investee accounts for the investments on the basis of the direct equity interest rather than on the basis of the underlying results and net assets of the investees.

Major accounting policies used for the preparation of the separate financial statements are stated below. Unless stated otherwise, these accounting policies have been applied consistently to the financial statements for the current period and accompanying comparative period.

The accompanying financial statements have been prepared on the historical cost basis except for certain properties/non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given.

**(1) Amendments to K-IFRSs and new interpretations that are mandatorily effective for the current year:**

In the current year, the Company has applied a number of amendments to K-IFRSs and new interpretations issued that are mandatorily effective accounting periods beginning on or after January 1, 2015.

Amendments to K-IFRS 1019 – Employee Benefits

The amendments permits the Company to recognize amount of contributions as a reduction in the service cost in which the related service is rendered if the amount of the contributions are independent of the number of years of service. The application of these amendments has no significant impact on the disclosure in the Company's separate financial statements.

Annual Improvements to K-IFRS 2010-2012 Cycle

The amendments to K-IFRS 1002 (i) change the definitions of 'vesting condition' and 'market condition' and (ii) add definition for 'performance condition' and 'service condition,' which were previously included within the definition of 'vesting condition.' The amendments to K-IFRS 1103 clarify the classification and measurement of the contingent consideration in business combination. The amendments to K-IFRS 1108 clarify that a reconciliation of the total of the reportable segments' assets should only be provided if the segment assets are regularly provided to the chief operating decision maker. The application of these amendments has no significant impact on the disclosure in the Company's separate financial statements.

Annual Improvements to K-IFRS 2011-2013 Cycle

The amendments to K-IFRS 1103 clarify the scope of the portfolio exception for measuring the fair values of the Company's financial assets and financial liabilities on a net basis, and include all contracts that are within the scope the standard does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself. The amendments to K-IFRS 1113, *Fair Value Measurements*, and K-IFRS 1040, *Investment Properties*, exist. The application of these amendments has no significant impact on the disclosure in the Company's separate financial statements.

**2) New and revised IFRSs in issue but not yet effective**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to K-IFRS 1001 – Presentation of Financial Statements

The amendments to K-IFRS 1001 clarify the concept of applying materiality in practice and restrict an entity reducing the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments to K-IFRS 1001 are effective for annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1016 – Property, plant and Equipments

The amendments to K-IFRS 1016 prohibit the Company from using a revenue-based depreciation method for items of property, plant and equipment. The amendments are effective for the annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1038– Intangible Assets

The amendments to K-IFRS 1038 do not allow presumption that revenue is an appropriate basis for the amortization of intangible assets, which the presumption can only be limited when the intangible asset expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The amendments apply prospectively for annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1110 – Consolidated Financial Statements & K-IFRS 1112 Disclosure of interests in other entities & K-IFRS 1028 Investment in associates

The amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries. The amendments are effective for annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1111– Accounting for Acquisitions of Interests in Joint Operations

The amendments to K-IFRS 1111 provides guidance on how to account for the acquisition of a joint operation that constitutes a business as defined

in K-IFRS 1103 Business Combinations. A joint operator is also required to disclose the relevant information required by K-IFRS 1103 and other standards for business combinations. The amendments to K-IFRS 1111 are effective for the annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1109 – Financial Instruments

The amendments to K-IFRS 1109 contain the requirements for the classification and measurement of financial assets and financial liabilities based on a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows, impairment methodology based on the expected credit losses, and broadened types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting and the change of the hedge effectiveness test. The amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to K-IFRS 1115 – Revenue from Contracts with Customers

The core principle under K-IFRS 1115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments introduces a 5-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, 5) Recognize revenue when (or as) the entity satisfies a performance obligation. This standard will supersede K-IFRS 1011 - Construction Contracts, K-IFRS 1018- Revenue, K-IFRS 2113 - Customer Loyalty Programmes, K-IFRS 2115-Agreements for the Construction of Real Estate, K-IFRS 2118 - Transfers of Assets from Customers, and K-IFRS 2031-Revenue-Barter Transactions Involving Advertising Services. The amendments are effective for annual periods beginning on or after January 1, 2018.

Annual Improvements to K-IFRS 2012-2014 Cycle

The Annual Improvements include amendments to a number of K-IFRSs. The amendments introduce specific guidance in K-IFRS 1105 Non-current Assets Held for Sale and Discontinued Operations for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), such a change is considered as a continuation of the original plan of disposal not as a change to a plan of sale. Other amendments in the Annual Improvements include K-IFRS 1107 Financial Instruments: Disclosures, K-IFRS 1019 Employee Benefits, and K-IFRS 1034 Interim Financial Reporting.

Amendments to K-IFRS 1027 – Separate Financial Statements

The following amendments discuss accounting for investment in subsidiaries, related parties and joint ventures at cost basis, as well as allowing application of K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, methods and application of equity method accounting under K-IFRS 1028, *Investment in Associates and Joint Ventures*. The amendments are effective for the annual periods beginning on or after 1<sup>st</sup> January, 2016.

The Company does not anticipate that these amendments referred above will have a significant effect on the Company's separate financial statements and disclosures.

(2) Accounting for investments in subsidiaries and joint ventures

The Company in accordance with the K-IFRS 1027 'Consolidated and Separate financial statements', is a parent company and it has subsidiaries of which Ssangyong Motor (Shanghai) Co., Ltd and Ssangyong European Parts Center B.V. and has a joint venture of which SY auto capital Co.,Ltd. When the Company prepares separate statements, the investments in subsidiaries and a joint venture are accounted for at cost basis by the direct investment proportion. And also the Company recognizes a dividend from a subsidiary in profit or loss in the separate financial statements when its right to receive the dividend is established.

(3) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that

future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

1) *Sale of goods*

Revenue from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

2) *Rendering of services*

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. Depending on the nature of the transaction, the Company determines the stage of completion by reference to surveys of work performed, services performed to date as a percentage of total services to be performed, or the proportion that costs incurred to date bear to the estimated total costs of the transaction, as applicable.

3) *Dividend and interest income*

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

(4) Foreign currencies

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of each entity are expressed in Korean Won, which is the functional currency of the entity and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(5) Financial Instruments

Financial assets and financial liabilities are recognized when a an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified into the following specified categories: 'financial assets at fair value through profit or loss (FVTPL)', 'held-to-maturity investments', 'available-for-sale (AFS) financial assets' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1) *Effective interest method*

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts

estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

## 2) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is contingent consideration that may be paid by an acquirer as part of business combination to which K-IFRS 1103 applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

## 3) Held-to-maturity investments

Non-derivatives financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments.. Held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

## 4) Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

They are subsequently measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income (as investments revaluation reserve). When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

## 5) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

## 6) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of [xx] days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized

in other comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

7) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulated gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial assets other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset, or it retains a residual interest and such an retained interest indicates that the transferor has neither transferred nor retained substantially all the risks and rewards of ownership and has retained control of the transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair value of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair value of those parts.

(6) Financial liabilities and equity instruments

1) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. Transaction cost directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

4) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration that may be paid by an acquirer as part of a business combination to which K-IFRS 1103 applies, or held for trading, or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in other gains and losses line item in the statement of comprehensive income.

5) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments including all fees and points paid or received (that form an integral part of the effective interest rate) and transaction costs and other premiums or discounts through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

6) Derecognition of financial liabilities

The Company derecognize financial liabilities when the Company's obligation are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(7) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in such case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## 1) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in other gains and losses line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the statement of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

## (8) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories, except for those in in-transit, are measured under the weighted average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

## (9) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Company and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Company does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	<i>Useful lives (Years)</i>
Buildings	24-50
Structures	13-30
Machinery and Equipment	10
Vehicles	6-10
Other	6-10

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Company reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

## (10) Intangible assets

## 1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

## 2) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, only if, the development project is designed to produce new or substantially improved products, and the Company can demonstrate the technical and economical feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

## 3) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

## (11) Impairment of property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(12) Retirement benefit costs and termination benefits.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income), and remeasurement.

The Company presents the service cost and net interest expense (income) components in profit or loss, and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by K-KFRS 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

(13) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

(14) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2) The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (see Note 2. (12)). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.



The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets are presented in the statement of financial position by deducting the grant from the carrying amount of the asset. The related grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

#### (17) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### 1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

#### 3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### (18) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS 1102 Share-based payment, leasing transactions that are within the scope of K-IFRS 1017 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in K-IFRS 1002 Inventories or value in use in K-IFRS 1036 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### (19) Segment information

Segment information is presented in the same format as the reporting material presented to the Company's management. The Company's management is liable for the assessment of the resources to be allocated to the business segments and the performance results of the business segments.

#### (20) Accounting Treatment related to the Emission Rights Cap and Trade Scheme

Company classifies the emission rights as intangible assets. Emission rights allowances the Government allocated free of charge are measured at nil, and emission rights allowances purchased are measured at cost, which the Company paid to purchase the allowances. If emission rights the Government allocated free of charge are sufficient to settle the emission rights allowances allotted for vintage year, the emissions liabilities are measured at nil. However, for the emissions liabilities that exceed the allowances allocated free of charge, the shortfall is measured at best estimate at the end of the reporting period.

### 3. **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

In the application of the Company accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Provision for product warranties

The Company provides warranties for its products at recognition of sale and establishes a provision for product warranties at the end of each reporting period based on the best estimate of the expenses necessary to provide present and future warranty obligations.

(2) Retirement benefit obligation

The retirement benefit obligation recognized in the statements of financial position represents the present value of the defined benefit obligation as

(Unit: Korean won in thousands)

	Financial institution		December 31, 2015		December 31, 2014	Notes
Cash and cash equivalents	Shinhan Bank and others	₩	567,340	₩	405,689	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank and others		957,689		14,147,553	
Long-term financial instruments	Shinhan Bank and others		6,000		6,000	Overdraft deposit
		₩	<u>1,531,029</u>	₩	<u>14,559,242</u>	

(Unit: Indian Rupee in thousands)

	Financial institution		December 31, 2015		December 31, 2014	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs.	32,253	Rs.	23,064	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank and others		54,445		804,288	
Long-term financial instruments	Shinhan Bank and others		341		341	Overdraft deposit
		Rs.	<u>87,039</u>	Rs.	<u>827,693</u>	

6. **AVAILABLE-FOR-SALE("AFS") FINANCIAL ASSETS:**

The Company's long-term available-for-sale financial assets as of December 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Classification	Ownership (%)	December 31, 2015			December 31, 2014
		Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	₩ 500,000	₩ 675,625	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50	60,000	528,903	60,000	60,000
		₩ <u>560,000</u>	₩ <u>1,204,528</u>	₩ <u>560,000</u>	₩ <u>560,000</u>

(Unit: Indian Rupee in thousands):

Classification	Ownership (%)	December 31, 2015			December 31, 2014
		Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 28,425	Rs. 38,409	Rs. 28,425	Rs. 28,425
Korea Management Consultants Association (*)	1.50%	3,411	30,068	3,411	3,411
		Rs. <u>31,836</u>	Rs. <u>68,477</u>	Rs. <u>31,836</u>	Rs. <u>31,836</u>

(\*) Because the market prices from an active market are not available and the fair values cannot be reliably measured, AFS financial assets are measured at their acquisition costs.

adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. The present value of defined benefit obligations is expressed in a currency in which retirement benefits will be paid and is calculated by discounting expected future cash outflows with the interest rate of high quality corporate bonds which maturity is similar to the payment date of retirement benefit obligations. Other significant assumptions related to defined benefit obligation are partly based on the current market situation.

4. **CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents include cash on hand and in banks and highly liquid short-term financial instruments that may be easily converted into cash and whose risk of value fluctuation is not material.

5. **RESTRICTED FINANCIAL ASSETS:**

Restricted financial assets as of December 31, 2015, and 2014, are as follows:

**7. TRADE AND OTHER RECEIVABLES:**

All current trade and other receivables are due within 1 year from December 31, 2015, and because the present value discount effect is not material, the fair value of the aforementioned receivables is equal to the book value.

(1) Details of current portion of trade and other receivables as of December 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Financial assets	December 31, 2015			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general .....	W 151,800,114	W 6,718,300	W 2,581,171	W 50,381,524
Less: Allowance for doubtful accounts.....	(44,462)	(2,252)	(8,666)	(159,256)
	<u>W 151,755,652</u>	<u>W 6,716,048</u>	<u>W 2,572,505</u>	<u>W 50,222,268</u>

Financial assets	December 31, 2014			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general .....	W 157,769,207	W 18,734,369	W 2,777,863	W 48,312,977
Less: Allowance for doubtful accounts.....	(87,169)	(393,336)	(11,054)	(149,638)
	<u>W 157,682,038</u>	<u>W 18,341,033</u>	<u>W 2,766,809</u>	<u>W 48,163,339</u>

(Unit: Indian Rupee in thousands):

Financial assets	December 31, 2015			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general .....	Rs. 8,629,836	Rs. 381,935	Rs. 146,740	Rs. 2,864,190
Less: Allowance for doubtful accounts.....	(2,528)	(128)	(492)	(9,054)
	<u>Rs. 8,627,308</u>	<u>Rs. 381,807</u>	<u>Rs. 146,248</u>	<u>Rs. 2,855,136</u>

Financial assets	December 31, 2014			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general .....	Rs. 8,969,179	Rs. 1,065,049	Rs. 157,922	Rs. 2,746,593
Less: Allowance for doubtful accounts.....	(4,956)	(22,361)	(628)	(8,507)
	<u>Rs. 8,964,223</u>	<u>Rs. 1,042,688</u>	<u>Rs. 157,294</u>	<u>Rs. 2,738,086</u>

(2) Credit risk and allowance for doubtful accounts

The above-mentioned trade and non-trade receivables and other receivables are classified as loans and receivables and measured at amortized cost.

If a credit risk occurs with respect to a dealership sale, which is a major type of the Company's sales, the respective dealership bears all of the risk; the Company manages credit risk on product sales using two management indexes, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales.

The Company's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days. Based on the past experience, receivables that are overdue for more than one year are usually not collected, and the Company reserves the full amount of those receivables as an allowance for doubtful accounts. The Company estimates an allowance for the receivables that are overdue for more than

90 days but less than one year through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Company estimates an allowance based on the historical loss rates.

Some of the trade receivables that are overdue for more than 90 days are not included in the above-mentioned trade receivables (refer to the aging analysis below); the Company did not reserve an allowance for the aforementioned receivables since their credit ratings did not change materially and they are expected to be collected. The Company has no collaterals pledged or credit enforcement provided for the aforementioned receivables and does not have a legal right to offset those receivables with the debt of the transacting parties.

1) Aging analysis of the trade and non-trade receivables that are overdue but are not impaired as of December 31, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	W 502,783	W 316,971	W 467,374	W 1,287,128
Non-trade receivables	285,124	470,299	4,125,784	4,881,207
Other long-term receivables	2,894,991	4,843,854	103,250	7,842,095
	<u>W 3,682,898</u>	<u>W 5,631,124</u>	<u>W 4,696,408</u>	<u>W 14,010,430</u>

Classification	December 31, 2014			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	W 1,819,742	W 44,594	W 2,719,299	W 4,583,635
Non-trade receivables	580,975	7,435	4,734,672	5,323,082
Other long-term receivables	2,121,889	4,207,765	107,179	6,436,833
	<u>W 4,522,606</u>	<u>W 4,259,794</u>	<u>W 7,561,150</u>	<u>W 16,343,550</u>

(Unit: Indian Rupee in thousands):

December 31, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 28,583	Rs. 18,020	Rs. 26,570	Rs. 73,173
Non-trade receivables	16,209	26,736	234,551	277,496
Other long-term receivables	164,580	275,373	5,870	445,823
	Rs. 209,372	Rs. 320,129	Rs. 266,991	Rs. 796,492

December 31, 2014				
Classification	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 103,452	Rs. 2,535	Rs. 154,592	Rs. 260,579
Non-trade receivables	33,028	423	269,166	302,617
Other long-term receivables	120,629	239,211	6,093	365,933
	Rs. 257,109	Rs. 242,169	Rs. 429,851	Rs. 929,129

2) Aging analysis of the trade, non-trade receivables and other long-term receivables that are overdue but are impaired as of December 31, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

December 31, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	W -	W -	W 47,349	W 47,349

December 31, 2014				
Classification	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	W -	W -	W 388,237	W 388,237
Other long-term receivables	-	-	47,349	47,349
	W -	W -	W 435,586	W 435,586

(Unit: Indian-Rupee in thousands)

December 31, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	Rs. -	Rs. -	Rs. 2,692	Rs. 2,692

December 31, 2014				
Classification	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 22,071	Rs. 22,071
Other long-term receivables	-	-	2,692	2,692
	Rs. -	Rs. -	Rs. 24,763	Rs. 24,763

3) Changes in allowance for trade and other receivables as of December 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Year ended December 31, 2015				
Classification	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	W 87,169	W 393,336	W 11,054	W 149,638
Bad debt expense	(42,707)	(30,821)	(2,388)	9,618
Write-offs	-	(360,263)	-	-
Ending balance	W 44,462	W 2,252	W 8,666	W 159,256

Year ended December 31, 2014				
Classification	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	W 208,701	W 491,039	W -	W 241,459
Bad debt expense	(121,532)	(97,703)	11,054	(91,821)
Ending balance	W 87,169	W 393,336	W 11,054	W 149,638

(Unit: Indian Rupee in thousands):

December 31, 2015				
Classification	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	Rs. 4,956	Rs. 22,361	Rs. 628	Rs. 8,507
Bad debt expense	(2,428)	(1,752)	(136)	547
Write-offs	-	(20,481)	-	-
Ending balance	Rs. 2,528	Rs. 128	Rs. 492	Rs. 9,054

December 31, 2014				
Classification	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	Rs. 11,865	Rs. 27,916	Rs. -	Rs. 13,727
Bad debt expense	(6,909)	(5,555)	628	(5,220)
Ending balance	Rs. 4,956	Rs. 22,361	Rs. 628	Rs. 8,507

The Company estimates allowances for doubtful accounts through individual analysis, and an allowance for the receivables that are not subject to separate individual analysis is estimated based on the historical collection rates. For troubled receivables (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.), the Company assesses collectability of each receivable through an individual analysis and reserves 100% allowance. For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past three years to the remaining balance of the receivables at the end of a reporting period; the three-year average loss rate is calculated by dividing the amount of actual loss occurred in the past three years by the average balance of the receivables.

**8. INVENTORIES:**

Details of inventories as of December 31, 2015, and 2014, are as follows:  
(Unit: Korean won in thousands)

	December 31, 2015	December 31, 2014
Merchandises	₩ 38,356,970	₩ 52,417,962
Finished goods	56,174,620	43,801,591
Work-in-process	29,360,159	29,184,732
Raw materials	45,354,455	51,686,249
Sub-materials	454,283	601,473
Supplies	3,740,522	3,821,023
Goods in transit	70,190,527	76,009,676
<b>Total</b>	<b>₩ 243,631,536</b>	<b>₩ 257,522,706</b>

(Unit: Indian Rupee in thousands)

	December 31, 2015	December 31, 2014
Merchandises	Rs. 2,180,594	Rs. 2,979,961
Finished goods	3,193,527	2,490,120
Work-in-process	1,669,125	1,659,152
Raw materials	2,578,401	2,938,363
Sub-materials	25,826	34,194
Supplies	212,649	217,225
Goods in transit	3,990,331	4,321,151
<b>Total</b>	<b>Rs. 13,850,453</b>	<b>Rs. 14,640,166</b>

The Company uses the "lower of cost or market method" on the balance sheet in case inventories' market value decreases under the acquisition cost. On the other hand, loss on valuation of inventories, which was added to "cost of sales" during the current period due to the application of "lower of cost or market method," amounted to ₩ 12,559,291 thousand (Rs. 713,996 thousand).

**9. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURE:**

(1) Details of investment in subsidiaries and joint venture as of December 31, 2015, and 2014, are as follows:  
(Unit: Korean won in thousands)

Classification	Company	Location	Ownership %	Closing Month	December 31, 2015		December 31, 2014
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100	December	₩ 5,338,097	₩ 5,829,056	₩ 5,829,056
	Ssangyong European Parts Center B.V.	Netherlands	100	December	835,695	-	-
Joint venture	SY Auto Capital Co., Ltd. (*)	Korea	51	December	10,200,000	10,200,000	-
					<b>₩ 16,373,792</b>	<b>₩ 16,029,056</b>	<b>₩ 5,829,056</b>

(Unit: Indian Rupee in thousands)

Classification	Company	Location	Ownership %	Closing Month	December 31, 2015		December 31, 2014
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100	December	Rs. 303,471	Rs. 331,382	Rs. 331,382
	Ssangyong European Parts Center B.V.	Netherlands	100	December	47,509	-	-
Joint venture	SY Auto Capital Co., Ltd. (*)	Korea	51	December	579,870	579,870	-
					<b>Rs. 930,850</b>	<b>Rs. 911,252</b>	<b>Rs. 331,382</b>

(\*) SY Auto Capital Co., Ltd. was incorporated in 2015 and is a joint arrangement whereby the Company and KB Capital Co., Ltd. that have joint control, which is the contractually agreed sharing of control of an arrangement.

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company's subsidiaries and joint venture as of and for the year ended December 31, 2015, is as follows:  
(Unit: Korean won in thousands)

Classification	Company	Assets	Liabilities	Sales	Net income loss
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	₩ 4,264,069	₩ 990,824	₩ 1,270,691	₩ (2,505,187)
	Ssangyong European Parts Center B.V.	₩ 8,399,103	₩ 12,095,292	₩ 14,776,015	₩ 105,948
Joint venture	SY Auto Capital Co., Ltd.	₩ 19,608,715	₩ 259,347	₩ 42,256	₩ (650,632)

(Unit: Indian-Rupee in thousands)

Classification	Company	Assets	Liabilities	Sales	Net income loss
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 242,412	Rs. 56,328	Rs. 72,239	Rs. (142,420)
	Ssangyong European Parts Center B.V.	Rs. 477,489	Rs. 687,617	Rs. 840,016	Rs. 6,023
Joint venture	SY Auto Capital Co., Ltd.	Rs. 1,114,755	Rs. 14,744	Rs. 2,402	Rs. (36,988)

**10. OTHER ASSETS:**

Carrying amounts of other assets as of December 31, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

Account	December 31, 2015	December 31, 2014
Other current assets		
Advance payments	₩ 1,077,125	₩ 2,190,288
Less: Allowance for doubtful accounts	(663)	(10,298)
Prepaid expenses	5,043,884	4,741,584
Income tax refundable	416,791	794,694
	<u>6,537,137</u>	<u>7,716,268</u>
Other non-current assets		
Other non-current assets	352,985	360,473
	<u>₩ 352,985</u>	<u>₩ 360,473</u>

(Unit: Indian Rupee in thousands)

Account	December 31, 2015	December 31, 2014
Other current assets		
Advance payments	Rs. 61,235	Rs. 124,518
Less: Allowance for doubtful accounts	(38)	(585)
Prepaid expenses	286,744	269,559
Other current assets	<u>23,694</u>	<u>45,178</u>
	<u>371,635</u>	<u>438,670</u>
Other non-current assets		
Other non-current assets	20,066	20,492
	<u>Rs. 20,066</u>	<u>Rs. 20,492</u>

**11. PROPERTY, PLANT AND EQUIPMENT:**

(1) Carrying amounts of property, plant and equipment as of December 31, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

	December 31, 2015				
	Acquisition Cost	Government Subsidies	Depreciation	Loss on Valuation	Carrying Amount
Land .....	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings .....	536,914,323	1,603,429	196,449,216	148,366,786	190,494,892
Structures .....	106,552,738	135,809	60,736,919	28,913,882	16,766,128
Machinery .....	1,312,354,742	453,057	1,027,789,268	98,337,509	185,774,908
Vehicles .....	8,732,094	-	6,455,442	896,350	1,380,302
Tools and molds .....	1,028,887,149	6,657	615,699,092	160,933,311	252,248,089
Equipment .....	67,272,687	6,874	40,414,354	4,056,990	22,794,469
Construction in progress .....	40,866,774	-	-	-	40,866,774
Machinery in transit .....	1,924,851	-	-	-	1,924,851
	<u>₩ 3,579,036,671</u>	<u>₩ 2,205,826</u>	<u>₩ 1,947,544,291</u>	<u>₩ 441,504,828</u>	<u>₩ 1,187,781,726</u>

	December 31, 2014				
	Acquisition Cost	Government Subsidies	Depreciation	Loss on Valuation	Carrying Amount
Land .....	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings .....	530,841,465	1,650,125	186,171,422	148,371,913	194,648,005
Structures .....	105,440,373	156,164	59,172,283	29,156,377	16,955,549
Machinery .....	1,255,831,372	593,294	1,008,322,247	98,853,953	148,061,878
Vehicles .....	9,555,846	-	6,773,531	1,194,962	1,587,353
Tools and molds .....	₩ 891,332,596	₩ 14,909	₩ 550,255,759	₩ 162,637,822	₩ 178,424,106
Equipment .....	67,042,627	15,571	37,958,542	4,542,664	24,525,850
Construction in progress .....	131,569,206	-	-	-	131,569,206
Machinery in transit .....	2,355,375	-	-	-	2,355,375
	<u>₩ 3,469,500,173</u>	<u>₩ 2,430,063</u>	<u>₩ 1,848,653,784</u>	<u>₩ 444,757,691</u>	<u>₩ 1,173,658,635</u>

(Unit: Indian Rupee in thousands)

	December 31, 2015				
	Acquisition Cost	Government Subsidies	Depreciation	Loss on Valuation	Carrying Amount
Land .....	Rs. 27,033,955	Rs. -	Rs. -	Rs. -	Rs. 27,033,955
Buildings .....	30,523,579	91,155	11,168,138	8,434,652	10,829,634
Structures .....	6,057,523	7,721	3,452,894	1,643,754	953,154
Machinery .....	74,607,367	25,756	58,429,820	5,590,487	10,561,304
Vehicles .....	496,420	-	366,992	50,957	78,471
Tools and molds .....	58,492,234	378	35,002,493	9,149,059	14,340,304
Equipment .....	3,824,452	391	2,297,556	230,640	1,295,865
Construction in progress .....	2,323,276	-	-	-	2,323,276
Machinery in transit .....	109,428	-	-	-	109,428
	<u>Rs. 203,468,234</u>	<u>Rs. 125,401</u>	<u>Rs. 110,717,893</u>	<u>Rs. 25,099,549</u>	<u>Rs. 67,525,391</u>

December 31, 2014

	Acquisition Cost	Government Subsidies	Depreciation	Loss on Valuation	Carrying Amount
Land .....	Rs. 27,033,955	Rs. -	Rs. -	Rs. -	Rs. 27,033,955
Buildings .....	30,178,337	93,810	10,583,845	8,434,943	11,065,739
Structures .....	5,994,285	8,878	3,363,944	1,657,540	963,923
Machinery .....	71,394,013	33,729	57,323,119	5,619,847	8,417,318
Vehicles .....	543,250	-	385,075	67,934	90,241
Tools and molds .....	50,672,258	848	31,282,040	9,245,960	10,143,410
Equipment .....	3,811,373	885	2,157,943	258,250	1,394,295
Construction in progress .....	7,479,709	-	-	-	7,479,709
Machinery in transit .....	133,903	-	-	-	133,903
	Rs. <u>197,241,083</u>	Rs. <u>138,150</u>	Rs. <u>105,095,966</u>	Rs. <u>25,284,474</u>	Rs. <u>66,722,493</u>

- (2) Changes in the carrying amounts of property, plant and equipment for the year ended December 31, 2015 and 2014, are as follows:  
(Unit: Korean won in thousands)

Year ended December 31, 2015

	Beginning Balance	Acquisition	Disposal	Other(*)	Depreciation(**)	Ending balance
Land .....	W 475,531,313	W -	W -	W -	W -	W 475,531,313
Buildings .....	194,648,005	389,551	1,242	5,698,947	10,240,369	190,494,892
Structures .....	16,955,549	401,124	4,441	1,115,663	1,701,767	16,766,128
Machinery .....	148,061,878	2,388,507	26,128	64,241,637	28,890,986	185,774,908
Vehicles .....	1,587,353	279,503	30,812	97,040	552,782	1,380,302
Tools and molds .....	178,424,106	23,730,518	20,107	120,072,555	69,958,983	252,248,089
Equipment .....	24,525,850	4,639,573	112,757	357,732	6,615,929	22,794,469
Construction in progress .....	131,569,206	97,653,494	-	(188,355,926)	-	40,866,774
Machinery in transit .....	2,355,375	2,181,592	-	(2,612,116)	-	1,924,851
	W <u>1,173,658,635</u>	W <u>131,663,862</u>	W <u>195,487</u>	W <u>615,532</u>	W <u>117,960,816</u>	W <u>1,187,781,726</u>

Year ended December 31, 2014

	Beginning Balance	Acquisition	Disposal	Other(*)	Depreciation(**)	Ending balance
Land .....	W 475,305,570	W 225,139	W -	W 604	W -	W 475,531,313
Buildings .....	193,689,175	735,337	-	9,901,340	9,677,847	194,648,005
Structures .....	16,849,781	260,922	1	1,472,405	1,627,558	16,955,549
Machinery .....	99,266,258	1,127,365	108,685	75,018,432	27,241,492	148,061,878
Vehicles .....	1,849,794	160,767	24	85,354	508,538	1,587,353
Tools and molds .....	201,515,831	5,871,711	3,743	20,788,506	49,748,199	178,424,106
Equipment .....	23,779,404	4,020,927	31,523	2,600,522	5,843,480	24,525,850
Construction in progress .....	70,917,106	157,588,772	97,167	(96,839,505)	-	131,569,206
Machinery in transit .....	862,440	13,672,439	-	(12,179,504)	-	2,355,375
	W <u>1,084,035,359</u>	W <u>183,663,379</u>	W <u>241,143</u>	W <u>848,154</u>	W <u>94,647,114</u>	W <u>1,173,658,635</u>

(\*) Capitalization cost that has flowed into Construction in progress and other accounts is W 752,552 thousand (2014: W 910,576 thousand) in this period.

(\*\*) Depreciation cost of suspended assets amount of W 19,080 thousand (2014: W 20,067 thousand) is included from the depreciation cost.

(Unit: Indian-Rupee in thousands)

Year ended December 31, 2015

	Beginning Balance	Acquisition	Disposal	Other (*)	Depreciation (**)	Ending balance
Land .....	Rs. 27,033,955	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 27,033,955
Buildings .....	11,065,739	22,146	71	323,985	582,165	10,829,634
Structures .....	963,923	22,804	252	63,424	96,745	953,154
Machinery .....	8,417,318	135,787	1,485	3,652,137	1,642,453	10,561,304
Vehicles .....	90,241	15,889	1,752	5,519	31,426	78,471
Tools and molds .....	10,143,410	1,349,080	1,143	6,826,125	3,977,168	14,340,304
Equipment .....	1,394,295	263,760	6,410	20,336	376,116	1,295,865
Construction in progress .....	7,479,709	5,551,601	-	(10,708,034)	-	2,323,276
Machinery in transit .....	133,903	124,024	-	(148,499)	-	109,428
	Rs. <u>66,722,493</u>	Rs. <u>7,485,091</u>	Rs. <u>11,113</u>	Rs. <u>34,993</u>	Rs. <u>6,706,073</u>	Rs. <u>67,525,391</u>

Year ended December 31, 2014

	Beginning Balance	Acquisition	Disposal	Other (*)	Depreciation (**)	Ending balance
Land .....	Rs. 27,021,122	Rs. 12,799	Rs. -	Rs. 34	Rs. -	Rs. 27,033,955
Buildings .....	11,011,230	41,804		562,891	550,186	11,065,739
Structures .....	957,910	14,833		83,707	92,527	963,923
Machinery .....	5,643,287	64,091	6,180	4,264,799	1,548,679	8,417,318
Vehicles .....	105,161	9,140	1	4,851	28,910	90,241
Tools and molds .....	11,456,175	333,807	213	1,181,826	2,828,185	10,143,410
Equipment .....	1,351,859	228,590	1,792	147,840	332,202	1,394,295
Construction in progress .....	4,031,637	8,958,922	5,524	(5,505,326)		7,479,709
Machinery in transit .....	49,030	777,277	-	(692,404)	-	133,903
	Rs. <u>61,627,411</u>	Rs. <u>10,441,263</u>	Rs. <u>13,710</u>	Rs. <u>48,218</u>	Rs. <u>5,380,689</u>	Rs. <u>66,722,493</u>

(\*) Capitalization cost that has flowed into Construction in progress and other accounts is Rs. 42,782 thousand (2014: Rs. 51,767 thousand) in this period.

(\*\*) Depreciation cost of suspended assets amount of Rs. 1,085 thousand (2014: Rs. 1,141 thousand) is included from the depreciation cost.

(3) The assets pledged as collateral for the Company's borrowings as of December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Assets pledged as Collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do 150-3	₩ 366,132,440	267,000,000
Buildings	(factory site) and others	77,352,503	
Machinery and others	Pyeongtaek plant production facilities	6,498,799	
		₩ <u>449,983,742</u>	

(Unit: Indian-Rupee in thousands)

Assets pledged as Collateral	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do 150-3	Rs. 20,814,629	15,178,950
Buildings	(factory site) and others	4,397,490	
Machinery and others	Pyeongtaek plant production facilities	369,457	
		Rs. <u>25,581,576</u>	

(4) Borrowing costs and capitalized interest, which is the capital of the fiscal year and electrical are as follows.

(Unit: Korean won in thousands)

Account	December 31, 2015	December 31, 2014
Capitalized interest expenses(*)	₩ 2,335,308	₩ 1,667,679
Capitalization interest rate	3.84%	4.72%

(\*) Borrowing costs that have been capitalized during the year in development costs is ₩ 1,582,756 thousand (2014: ₩ 757,103 thousand).

(Unit: Indian rupee in thousands)

Account	December 31, 2015	December 31, 2014
Capitalized interest expenses(*)	Rs. 132,762	Rs. 94,808
Capitalization interest rate	3.84%	4.72%

(\*) Borrowing costs that have been capitalized during the year in development costs is Rs.89,980 thousand (2014: Rs.43,041 thousand).



**12. INTANGIBLE ASSETS:**

(1) Details of intangible assets as of December 31, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

December 31, 2015					
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	₩ 148,086,281	₩ -	₩ 38,550,140	₩ -	₩ 109,536,141
Patents	2,816,199	22,335	1,170,064	39,190	1,584,610
Other intangible assets	93,785,206	21,283	17,363,984	576,105	75,823,834
	₩ 244,687,686	₩ 43,618	₩ 57,084,188	₩ 615,295	₩ 186,944,585

December 31, 2014					
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	₩ 28,564,573	₩ -	₩ 14,341,540	₩ -	₩ 14,223,033
Patents	1,873,286	21,966	756,331	31,378	1,063,611
Other intangible assets	146,823,238	26,563	10,578,849	589,036	135,628,790
	₩ 177,261,097	₩ 48,529	₩ 25,676,720	₩ 620,414	₩ 150,915,434

(Unit: Indian-Rupee in thousands)

December 31, 2015					
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	Rs. 8,418,705	Rs. -	Rs. 2,191,575	Rs. -	Rs. 6,227,130
Patents	160,101	1,270	66,518	2,228	90,085
Other intangible assets	5,331,689	1,210	987,142	32,752	4,310,585
	Rs. 13,910,495	Rs. 2,480	Rs. 3,245,235	Rs. 34,980	Rs. 10,627,800

December 31, 2014					
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	Rs. 1,623,896	Rs. -	Rs. 815,317	Rs. -	Rs. 808,579
Patents	106,496	1,249	42,997	1,784	60,466
Other intangible assets	8,346,901	1,509	601,408	33,487	7,710,497
	Rs. 10,077,293	Rs. 2,758	Rs. 1,459,722	Rs. 35,271	Rs. 8,579,542

(2) Changes in intangible assets for the year ended December 31, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

Year ended December 31, 2015								
	Beginning balance	Acquisition (*)	Transfer	Disposal	Depreciation	Impairment loss	Other (**)	Ending balance
Development cost	₩ 14,223,033	₩ 1,881,970	₩ 118,722,632	₩ -	₩ 25,298,599	₩ -	₩ 7,105	₩ 109,536,141
Patents	1,063,611	940,187	-	-	411,376	7,812	-	1,584,610
Other intangible assets	135,628,790	64,038,417	(118,722,632)	-	6,769,957	-	1,649,216	75,823,834
	₩ 150,915,434	₩ 66,860,574	₩ -	₩ -	₩ 32,479,932	₩ 7,812	₩ 1,656,321	₩ 186,944,585

Year ended December 31, 2014								
	Beginning balance	Acquisition	Transfer	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	₩ 5,107,302	₩ -	₩ 14,012,691	₩ -	₩ 4,970,159	₩ -	₩ 73,199	₩ 14,223,033
Patents	736,258	638,336	-	-	279,605	31,378	-	1,063,611
Other intangible assets	83,636,581	72,018,698	(14,012,691)	587,760	6,207,702	(97,760)	683,904	135,628,790
	₩ 89,480,141	₩ 72,657,034	₩ -	₩ 587,760	₩ 11,457,466	₩ (66,382)	₩ 757,103	₩ 150,915,434

(\*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩ 12,769 thousand (2014: ₩ 46,244 thousand).

(\*\*) Of the current year development costs, the amount that has flowed into the capital of the cost is ₩ 1,582,756 thousand (2014: ₩ 757,103 thousand) including difference of change of exchange rate.

(Unit: Indian-Rupee in thousands)

Year ended December 31, 2015								
	Beginning balance	Acquisition	Transfer	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 808,579	Rs. 106,990	Rs. 6,749,382	Rs. -	Rs. 1,438,225	Rs. -	Rs. 404	Rs. 6,227,130
Patents	60,466	53,450	-	-	23,387	444	-	90,085
Other intangible assets	7,710,497	3,640,584	(6,749,382)	-	384,872	-	93,758	4,310,585
	Rs. 8,579,542	Rs. 3,801,024	Rs. -	Rs. -	Rs. 1,846,484	Rs. 444	Rs. 94,162	Rs. 10,627,800

Year ended December 31, 2014								
	Beginning balance	Acquisition	Transfer	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 290,350	Rs. -	Rs. 796,621	Rs. -	Rs. 282,554	Rs. -	Rs. 4,162	Rs. 808,579
Patents	41,856	36,289	-	-	15,895	1,784	-	60,466
Other intangible assets	4,754,740	4,094,263	(796,621)	33,414	352,908	(5,558)	38,879	7,710,497
	Rs. 5,086,946	Rs. 4,130,552	Rs. -	Rs. 33,414	Rs. 651,357	Rs. (3,774)	Rs. 43,041	Rs. 8,579,542

(\*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is Rs.726 thousand (2014: Rs. 2,629 thousand).

(\*\*) Of the current year development costs, the amount that has flowed into the capital of the cost is Rs.89,980 thousand (2014: Rs.43,041 thousand) including difference of change of exchange rate.

(3) Amortization of the intangible assets for the year ended December 31, 2015 and 2014, is as follows:

Account	Korean Won in thousands		Indian-Rupee in thousands	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Cost of goods manufactured	₩ 25,298,599	₩ 4,696,440	Rs. 1,438,225	Rs. 266,993
Selling and administrative expenses	7,181,333	6,761,026	408,259	384,364
	₩ 32,479,932	₩ 11,457,466	Rs. 1,846,484	Rs. 651,357

(4) Changes in volume and book value of emission rights for the year ended December 31, 2015, 2016 and 2017

(Unit: tCo2 / Korean won in thousands)

Account	2015		2016		2017		Total	
	Volume	Book Value	Volume	Book Value	Volume	Book Value	Volume	Book Value
Beginning balance	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Allowance allocated free of charge	129,076	-	127,422	-	124,838	-	381,336	-
Ending balance	129,076	₩ -	127,422	₩ -	124,838	₩ -	381,336	₩ -

There are no pledged emission rights for the Company's borrowings as of December 31, 2015.

(5) Changes in volume and book value of emission rights for the year ended December 31, 2015, 2016, 2017 is as follows:

(Unit: Korean won in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	₩ -	₩ 153,050	₩ -	₩ 153,050

(Unit: Indian rupee in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	₩ -	₩ 8,701	₩ -	₩ 8,701

Estimated amount of greenhouse gas that is discharged during the year is 142,271t CO2

### 13. BORROWINGS:

(1) The Company's short-term borrowings as of December 31, 2015, and 2014, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate	December 31, 2015	December 31, 2014
Korea Development Bank	Operating fund	CD + 2.12%	₩ 30,000,000	₩ 30,000,000
Woori Bank	Operating fund	CD + 2.0%	17,500,000	5,000,000
Besides BOA	Banker's usance	0.30% ~ 1.42%	105,724,546	64,540,013
			₩ 153,224,546	₩ 99,540,013

(Unit: Indian-Rupee in thousands):

Creditor	Type	Interest rate (%)	December 31, 2015	December 31, 2014
Korea Development Bank	Operating fund	CD + 2.26%	Rs. 1,705,500	Rs. 1,705,500
Woori Bank	Operating fund	CD + 2.0%	994,875	284,250
Besides BOA	Banker's usance	0.49% ~ 1.27%	6,010,440	3,669,100
			Rs. 8,710,815	Rs. 5,658,850

(\*) Of the amount of long-term borrowings, the amount is within one-year arrival worth.

(2) The Company's long-term borrowings as of December 31, 2015, and December 31, 2014, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate	December 31, 2015	December 31, 2014
Woori Bank	Operating fund	CD + 2.0%	₩ 55,000,000	₩ 30,000,000
Net: within one year arrival worth			(17,500,000)	(5,000,000)
			₩ 37,500,000	₩ 25,000,000

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate	December 31, 2015	December 31, 2014
Woori Bank	Operating fund	CD + 2.0%	Rs. 3,126,750	Rs. 1,705,000
Net: within one year arrival worth			(994,875)	(284,250)
			Rs. 2,131,875	Rs. 1,421,250

(3) The Company provided the following collateral in relation to its borrowings:

Creditor	Assets pledged as collaterals	Pledged date	Maximum credit amount
Korea Development Bank	Land, buildings and machinery	2009-08-13	₩ 195 billion (Rs. 11 billion)
Woori Bank	Land, buildings and machinery	2014-10-29	₩ 36 billion (Rs. 2 billion)
Woori Bank	Land, buildings and machinery	2015-08-07	₩ 36 billion (Rs. 2 billion)

### 14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of other financial liabilities as of December 31, 2015, and December 31, 2014, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Other current financial liabilities:				
Accrued expenses	₩ 32,484,211	₩ 29,715,325	Rs. 1,846,727	Rs. 1,689,316

### 15. PROVISION FOR PRODUCT WARRANTIES:

The Company provides warranties for the sale of its products and establishes a provision for product warranties for the amount of expected warranty costs. Provisions for product warranties as of December 31, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

	Beginning Balance	Increase	Decrease	Ending Balance	Current	Non-current
Dec. 31, 2015	₩ 137,866,039	₩ 116,275,567	₩ 110,347,627	₩ 143,793,979	₩ 56,861,222	₩ 86,932,757
Dec. 31, 2014	₩ 125,479,981	₩ 113,075,513	₩ 100,689,455	₩ 137,866,039	₩ 57,556,475	₩ 80,309,564

(Unit: Indian-Rupee in thousands):

	Beginning Balance	Increase	Decrease	Ending Balance	Current	Non-current
Dec. 31, 2015	Rs. 7,837,684	Rs. 6,610,266	Rs. 6,273,263	Rs. 8,174,687	Rs. 3,232,560	Rs. 4,942,127
Dec. 31, 2014	Rs. 7,133,537	Rs. 6,428,343	Rs. 5,724,195	Rs. 7,837,685	Rs. 3,272,086	Rs. 4,565,599

### 16. OTHER LIABILITIES:

Carrying amounts of other liabilities as of December 31, 2015, and 2014, are as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Advances from customers	₩ 2,572,498	₩ 2,982,710	Rs. 146,247	Rs. 169,567
Deposits received	733,742	763,400	41,713	43,399
Withholdings	25,549,290	18,716,930	1,452,477	1,064,058
	₩ 28,855,530	₩ 22,463,040	Rs. 1,640,437	Rs. 1,277,024

**17. RETIREMENT BENEFIT OBLIGATION:**

(1) Defined benefit plans and related liabilities arising from the Company's separate financial statements' configuration items as of December 31, 2015, and 2014, are as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Present value of defined benefit obligation	₩ 293,343,081	₩ 248,189,001	Rs. 16,676,554	Rs. 14,109,545
Fair value of plan assets	(1,337,356)	(1,440,612)	(76,029)	(81,899)
	₩ 292,005,725	₩ 246,748,389	Rs. 16,600,525	Rs. 14,027,646

(2) Changes in the Company's defined benefit obligation for the year ended December 31, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

Classification	Year ended December 31, 2015			
	Present value of defined benefit obligations	Fair value of scheme Assets	Total	
Beginning balance	₩ 248,189,001	₩ (1,440,612)	₩ 246,748,389	
Net current service cost	37,641,084	-	37,641,084	
Interest cost(income) on DBO	8,400,978	(48,648)	8,352,330	
Subtotal	294,231,063	(1,489,260)	292,741,803	
Remeasurements				
Asset (Gain)/Loss	-	29,230	29,230	
DBO (Gain)/Loss due to Experience	8,334,817	-	8,334,817	
DBO (Gain)/Loss due to Changes in Financial Assumptions	4,103,602	-	4,103,602	
DBO (Gain)/Loss due to Changes in Demographic Assumptions	2,850,084	-	2,850,084	
Total remeasurements recognised in other comprehensive income	15,288,503	29,230	15,317,733	
Payments				
Benefit payment from plan assets	(122,674)	122,674	-	
Benefit payment from company	(16,053,811)	-	(16,053,811)	
Ending balance	₩ 293,343,081	₩ (1,337,356)	₩ 292,005,725	

Classification	Year ended December 31, 2014			
	Present value of defined benefit obligations	Fair value of scheme Assets	Total	
Beginning balance	₩ 176,130,156	₩ (1,474,038)	₩ 174,656,118	
Net current service cost	31,645,593	-	31,645,593	
Interest cost(income) on DBO	7,853,867	(64,185)	7,789,682	
Past service cost	26,353,104	-	26,353,104	
Subtotal	241,982,720	(1,538,223)	240,444,497	
Remeasurements				
Asset (Gain)/Loss	-	34,064	34,064	
DBO (Gain)/Loss due to Experience	(14,629,891)	-	(14,629,891)	
DBO (Gain)/Loss due to Changes in Demographic Assumptions	32,480,964	-	32,480,964	
DBO (Gain)/Loss due to Changes in Financial Assumptions	(2,574,903)	-	(2,574,903)	
Total remeasurements recognised in other comprehensive income	15,276,170	34,064	15,310,234	
Payments				
Benefit payment from plan assets	(63,547)	63,547	-	
Benefit payment from company	(6,958,637)	-	(6,958,637)	
Replaced with accounts payable	(2,047,705)	-	(2,047,705)	
Ending balance	₩ 248,189,001	₩ (1,440,612)	₩ 246,748,389	

(Unit: Indian-Rupee in thousands):

Classification	Year ended December 31, 2015		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 14,109,545	Rs. (81,899)	Rs. 14,027,646
Net current service cost	2,139,896	-	2,139,896
Interest cost (income) on DBO	477,596	(2,766)	474,830
Subtotal	16,727,037	(84,665)	16,642,372
Remeasurements			
Asset (Gain)/Loss	-	1,662	1,662
DBO (Gain)/Loss due to Experience	473,834	-	473,834
DBO (Gain)/Loss due to Changes in Financial Assumptions	233,289	-	233,289
DBO (Gain)/Loss due to Changes in Demographic Assumptions	162,027	-	162,027
Total remeasurements recognised in other comprehensive income	869,150	1,662	870,812
Payments			
Benefit payment from plan assets	(6,974)	6,974	-
Benefit payment from company	(912,659)	-	(912,659)
Ending balance	Rs. 16,676,554	Rs. (76,029)	Rs. 16,600,525

Classification	Year ended December 31, 2014		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 10,012,999	Rs. (83,799)	Rs. 9,929,200
Net current service cost	1,799,052	-	1,799,052
Interest cost (income) on DBO	446,492	(3,649)	442,843
Past service cost	1,498,174	-	1,498,174
Subtotal	13,756,717	(87,448)	13,669,269
Remeasurements			
Asset (Gain)/Loss	-	1,937	1,937
DBO (Gain)/Loss due to Experience	(831,709)	-	(831,709)
DBO (Gain)/Loss due to Changes in Financial Assumptions	1,846,543	-	1,846,543
DBO (Gain)/Loss due to Changes in Demographic Assumptions	(146,383)	-	(146,383)
Total remeasurements recognised in other comprehensive income	868,451	1,937	870,388
Payments			
Benefit payment from plan assets	(3,613)	3,613	-
Benefit payment from company	(395,599)	-	(395,599)
Replaced with accounts payable.	(116,412)	-	(116,412)
Ending balance	Rs. 14,109,544	Rs. (81,898)	Rs. 14,027,646

(3) Actuarial assumptions used as of December 31, 2015, and 2014, are as follows:

	December 31, 2015	December 31, 2014
Discount rate (%)	2.92	3.41
Expected rate of salary increase (%)	4.92	5.31

(4) As of December 31, 2015, if the significant actuarial assumption changes reasonably and acceptably while the others remain unchanged, the defined benefit obligation will be affected as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	Increase	Decrease	Increase	Decrease
Change 1% in Discount rate	₩ (37,023,724)	₩ 44,026,862	Rs. (2,104,799)	Rs. 2,502,927
Changes 1% in Expected rate of salary increase	₩ 41,470,421	₩ (35,654,563)	Rs. 2,357,593	Rs. (2,026,962)

As the actuarial assumptions are correlated and not changed independently, the sensitivity analysis does not indicate the actual change in the amounts of defined benefit obligation. The present value of defined benefit obligations on the sensitivity analysis is measured by the same method as the projected unit credit method used in calculating net defined benefit liability recognized in the statements of financial position.

**18. CONTINGENCIES AND COMMITMENTS:**

The following are the major commitments and contingent liabilities as of December 31, 2015.

- (1) The Company carries product liability insurance for all products which it sells.
- (2) As of December 31, 2015, the Company has been providing guarantees from Korea Development Bank, etc., amounting to USD 264 million (amount execution USD 126 million) related to import L/C.
- (3) The following are the major loan arrangements with the financial institutions as of December 31, 2015.

(Unit: Korean won in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	₩ 30,000,000	₩ 30,000,000
Woori Bank	Operating purpose loans	₩ 55,000,000	₩ 55,000,000
JP Morgan	Current purpose loans	₩ 50,000,000	₩ -
Nonghyup Bank	Limit purpose loans	₩ 15,000,000	₩ -
BNP Paribas	Limit purpose loans	₩ 15,000,000	₩ -
Deutsche Bank	Limit purpose loans	₩ 17,000,000	₩ -
BOA	Limit purpose loans	₩ 15,000,000	₩ -
Total		₩ 197,000,000	₩ 85,000,000

(Unit: Indian-Rupee in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	Rs. 1,705,500	Rs. 1,705,500
Woori Bank	Operating purpose loans	Rs. 3,126,750	Rs. 3,126,750
JP Morgan	Current purpose loans	Rs. 2,842,500	Rs. -
Nonghyup Bank	Limit purpose loans	Rs. 852,750	Rs. -
BNP Paribas	Limit purpose loans	Rs. 852,750	Rs. -
Deutsche Bank	Limit purpose loans	Rs. 966,450	Rs. -
BOA	Limit purpose loans	Rs. 852,750	Rs. -
Total		Rs. 11,199,450	Rs. 4,832,250

- (4) Pending litigations

As of December 31, 2015, the Company has 2 pending litigations as a plaintiff with claims amounting to ₩ 2,385 million (Rs. 136 million) and 29 pending litigations as a defendant with claims amounting to ₩ 19,856 million (Rs. 1,129 million). The Company recognized other payables amounting to ₩ 27,489 million (Rs. 1,563 million) that are expected to be a probable loss and can be reasonably estimated as of December 31, 2014.

**19. CAPITAL STOCK:**

As of December 31, 2015, and 2014, the number of authorized shares is 3 billion shares. Details of capital stock are as follows:

(Unit: Korean won in thousands except for par value)

Classification	No. of shares		Par value	Capital stock
	Authorized	Shares outstanding		
December 31, 2015	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480
December 31, 2014	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480

(Unit: Rupee in thousands except for par value)

Classification	No. of shares		Par value	Capital stock
	Authorized	Shares outstanding		
December 31, 2015	3,000,000,000	137,220,096	₩ 284	₩ 39,004,812
December 31, 2014	3,000,000,000	137,220,096	₩ 284	₩ 39,004,812

**20. OTHER CAPITAL SURPLUS AND RETAINED EARNINGS:**

Details of other capital surplus and retained earnings as of December 31, 2015, and 2014, are as follows:

	December 31, 2015		December 31, 2014	
	(Korean won in thousands)	(Indian-Rupee in thousands)	(Korean won in thousands)	(Indian-Rupee in thousands)
Other capital surplus				
Paid-in capital in excess of par value	₩ 11,452,713	₩ 11,452,713	Rs. 651,087	Rs. 651,087
Gain on capital reduction	118,189,001	118,189,001	6,719,044	6,719,044
Debt to be swapped for equity	931,508	931,508	52,956	52,956
Treasury stock	-	(1,189,820)	-	(67,641)
Gain on disposal of treasury stocks	1,105,137	-	62,827	-
	₩ 131,678,359	₩ 129,383,402	Rs. 7,485,914	Rs. 7,355,446

**21. OTHER CAPITAL ADJUSTMENTS:**

- (1) Detail of the Company's other capital adjustments as of December 31, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

Classification		December 31, 2015	December 31, 2014
Other capital adjustments	Gains (losses) on valuation of derivatives	₩ 227,340	₩ (14,167,300)

(Unit: Indian Rupee in thousands)

Classification		December 31, 2015	December 31, 2014
Other capital adjustments	Gains (losses) on valuation of derivatives	Rs. 12,924	Rs. (805,411)

- (2) Changes in the Company's gains (losses) on valuation of derivatives as for the year ended December 31, 2015 and 2014 are as follows:

	Korean Won in thousands		Indian Rupee in thousands	
	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Beginning balance	₩ (14,167,300)	₩ 26,833,680	Rs. (805,411)	Rs. 1,525,495
Gains (losses) on valuation of derivatives	227,340	(14,167,300)	12,924	(805,411)
Reclassified to net income	₩ 14,167,300	₩ (26,833,680)	Rs. 805,411	Rs. (1,525,495)
Ending balance	₩ 227,340	₩ (14,167,300)	Rs. 12,924	Rs. (805,411)

**22. DEFICIT:**

- (1) Details of deficit as of December 31, 2015, and 2014, are as follows:

(Unit: Korean won in Thousands)

	December 31, 2015	December 31, 2014
Deficit	₩ (92,196,977)	₩ (18,220,064)

(Unit: Indian Rupee in thousands)

	December 31, 2015	December 31, 2014
Deficit	Rs. (5,241,398)	Rs. (1,035,811)

- (2) Changes in retained earnings(deficit) for the year ended as of 31<sup>st</sup> December, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

	December 31, 2015	December 31, 2014
Beginning balance	₩ (18,220,064)	₩ 47,725,963
Net loss	(58,659,180)	(50,635,793)
Actuarial losses	(15,317,733)	(15,310,234)
Ending balance	₩ (92,196,977)	₩ (18,220,064)

(Unit: Indian Rupee in thousands)

	December 31, 2015	December 31, 2014
Beginning balance	Rs. (1,035,811)	Rs. 2,713,221
Net loss	(3,334,774)	(2,878,645)
Actuarial losses	(870,813)	(870,387)
Ending balance	Rs. (5,241,398)	Rs. (1,035,811)

**23. STATEMENT OF DISPOSITION OF DEFICIT:**

Detail of the Company's statement of disposition of deficit for the years ended December 31, 2015 and 2014 are as follows:

SSANGYONG MOTOR COMPANY  
STATEMENT OF DISPOSITION OF DEFICIT FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Expected disposition date: 2016.03.23

Disposal fixed date: 2015.03.24

Accounts	(Unit: Korean won)	
	Year ended December 31, 2015	Year ended December 31, 2014
Unappropriated retained deficit	₩ (92,196,977,649)	₩ (18,220,064,486)
Undisposed retained earnings(deficit) carried over from prior year	(18,220,064,486)	47,725,963,330
Current net loss	(58,659,179,889)	(50,635,793,202)
Actuarial losses	(15,317,733,274)	(15,310,234,614)
Appropriation deficit	-	-
Unappropriated deficit to be carried forward to subsequent year	₩ (92,196,977,649)	₩ (18,220,064,486)

Accounts	(Unit: Indian rupee)	
	Year ended December 31, 2015	Year ended December 31, 2014
Unappropriated retained deficit	Rs. (5,241,398,180)	Rs. (1,035,810,666)
Undisposed retained earnings(deficit) carried over from prior year	(1,035,810,666)	2,713,221,016
Current net loss	(3,334,774,377)	(2,878,644,844)
Actuarial losses	(870,813,137)	(870,386,838)
Appropriation deficit	-	-
Unappropriated deficit to be carried forward to subsequent year	Rs. (5,241,398,180)	Rs. (1,035,810,666)

**24. INCOME TAX:**

(1) Composition of income tax expense for the years ended December 31, 2015 and 2014 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Years ended December 31, 2015	Years ended December 31, 2014	Years ended December 31, 2015	Years ended December 31, 2014
Current income tax payable	₩ -	₩ -	₩ -	₩ -
Income tax expense directly reflected to shareholders' equity	-	-	-	-
Income tax expense	₩ -	₩ -	₩ -	₩ -

(2) Changes in temporary differences and deferred income tax assets

The changes in temporary differences and deferred income tax assets for the year ended December 31, 2015 and 2014 are as follows (Unit: Korean Won in thousands):

Description	Beginning balance	Decrease	Year ended December 31, 2015	
			Increase	Ending balance
(Temporary differences)				
Government subsidies	₩ 3,564,826	₩ 4,638,187	₩ 3,805,253	₩ 2,731,892
Provision for product warranties	137,866,039	137,866,039	143,793,978	143,793,978
Accrued severance indemnities	247,625,171	15,151,272	51,775,125	284,249,024
Loss on revaluation of property, plant and equipment	128,280,968	19,506,600	5,226	108,779,594
Development cost	45,150,056	17,827,324	1,445	27,324,177
Depreciation	16,273,804	2,811,316	2,931,825	16,394,313
Other payables	50,366,223	50,366,223	39,537,402	39,537,402
Accrued expenses	29,561,974	29,561,974	32,207,735	32,207,735
Investment in subsidiaries	4,184,519	-	-	4,184,519
Gain (loss) on valuation of derivatives	13,741,600	13,741,600	(1,683,621)	(1,683,621)
Other long-term employee benefit	15,619,578	15,619,578	16,282,599	16,282,599
Land	(260,713,528)	-	-	(260,713,528)
Others	836,817	284,279	1,242,960	1,795,498
Deficit carried over	1,104,944,088	-	70,555,940	1,175,500,028
Total	1,537,302,135	-	-	1,590,383,610
Not recognized as deferred tax assets	1,537,302,135	-	-	1,590,383,610
Recognized as deferred tax assets	-	-	-	-
Statutory tax rate	22%	-	-	22%
Deferred tax assets resulting from temporary differences	-	-	-	-
Tax credit carry forwards	11,751,644	2,515,810	-	9,235,834
Not recognized as deferred tax assets	11,751,644	2,515,810	-	9,235,834
Recognized as deferred tax assets	-	-	-	-
Deferred tax assets resulting from tax credit carry forwards	-	-	-	-
Total deferred income tax	₩ -	-	-	₩ -

The Company did not recognize deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward since it could not estimate the income tax effect resulting from future taxable income.

SSANGYONG MOTOR COMPANY

Description	Year ended December 31, 2014			
	Beginning balance	Decrease	Increase	Ending balance
(Temporary differences)				
Government subsidies	W 4,560,013	W 2,085,976	W 1,090,789	W 3,564,826
Provision for product warranties	125,479,981	125,479,981	137,866,039	137,866,039
Accrued severance indemnities	207,848,904	51,994,890	91,771,157	247,625,171
Loss on revaluation of property, plant and equipment	145,782,462	17,557,676	56,182	128,280,968
Development cost	60,050,587	14,900,531	-	45,150,056
Depreciation	14,675,862	3,800,285	5,398,227	16,273,804
Other payables	75,439,294	75,501,755	50,428,684	50,366,223
Accrued expenses	19,385,586	19,385,586	29,561,974	29,561,974
Investment in subsidiaries	4,184,519	-	-	4,184,519
Gain (loss) on foreign currency translation	26,620	26,620	-	-
Gain (loss) on valuation of derivatives	(31,488,313)	(30,255,663)	14,974,250	13,741,600
Other long-term employee benefit	16,281,616	16,281,616	15,619,578	15,619,578
Land	(260,707,239)	-	(6,289)	(260,713,528)
Others	(512,276)	(1,039,267)	309,826	836,817
Deficit carried over	1,056,127,630	-	48,816,458	1,104,944,088
Total	1,437,135,246			1,537,302,135
Not recognized as deferred tax assets	1,437,135,246			1,537,302,135
Recognized as deferred tax assets	-			-
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	-			-
Tax credit carry forwards	16,186,266	4,434,622	-	11,751,644
Not recognized as deferred tax assets	16,186,266	4,434,622	-	11,751,644
Recognized as deferred tax assets	-			-
Deferred tax assets resulting from tax credit carry forwards	-			-
Total deferred income tax	W -			W -

(Unit: Indian rupee in thousands)

Description	Year ended December 31, 2015			
	Beginning balance	Decrease	Increase	Ending balance
(Temporary differences)				
Government subsidies	Rs. 202,660	Rs. 263,681	Rs. 216,329	Rs. 155,308
Provision for product warranties	7,837,684	7,837,684	8,174,688	8,174,688
Accrued severance indemnities	14,077,491	861,350	2,943,416	16,159,557
Loss on revaluation of property, plant and equipment	7,292,773	1,108,950	297	6,184,120
Development cost	2,566,781	1,013,484	82	1,553,379
Depreciation	925,166	159,823	166,674	932,017
Other payables	2,863,320	2,863,320	2,247,701	2,247,701
Accrued expenses	1,680,598	1,680,598	1,831,010	1,831,010
Investment in subsidiaries	237,890	-	-	237,890
Gain (loss) on valuation of derivatives	781,210	781,210	(95,714)	(95,714)
Other long-term employee benefit	887,973	887,973	925,666	925,666
Land	(14,821,564)	-	-	(14,821,564)
Others	47,573	16,161	70,662	102,074
Deficit carried over	62,816,071	-	4,011,105	66,827,176
Total	87,395,626			90,413,308
Not recognized as deferred tax assets	87,395,626			90,413,308
Recognized as deferred tax assets	-			-
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	-			-
Tax credit carry forwards	668,081	143,024	-	525,057
Not recognized as deferred tax assets	668,081	143,024	-	525,057
Recognized as deferred tax assets	-			-
Deferred tax assets resulting from tax credit carry forwards	-			-
Total deferred income tax	Rs. -			Rs. -

Description	Year ended December 31, 2014			
	Beginning balance	Decrease	Increase	Ending balance
(Temporary differences)				
Government subsidies	Rs. 259,237	Rs. 118,588	Rs. 62,011	Rs. 202,660
Provision for product warranties	7,133,537	7,133,537	7,837,684	7,837,684
Accrued severance indemnities	11,816,210	2,955,909	5,217,190	14,077,491
Loss on revaluation of property, plant and equipment	8,287,733	998,154	3,194	7,292,773
Development cost	3,413,876	847,095		2,566,781
Depreciation	834,323	216,046	306,889	925,166
Other payables	4,288,724	4,292,275	2,866,871	2,863,320
Accrued expenses	1,102,071	1,102,071	1,680,598	1,680,598
Investment in subsidiaries	237,890			237,890
Gain (loss) on foreign currency translation	1,513	1,513		
Gain (loss) on valuation of derivatives	(1,790,111)	(1,720,035)	851,286	781,210
Other long – term employee benefit	925,610	925,610	887,973	887,973
Land	(14,821,207)		(357)	(14,821,564)
Others	(29,123)	(59,082)	17,614	47,573
Deficit carried over	60,040,856	–	2,775,215	62,816,071
Total	81,701,139			87,395,626
Not recognized as deferred tax assets	81,701,139			87,395,626
Recognized as deferred tax assets	–			–
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	–			–
Tax credit carry forwards	920,189	252,108	–	668,081
Not recognized as deferred tax assets	920,189	252,108	–	668,081
Recognized as deferred tax assets	–			–
Deferred tax assets resulting from tax credit carry forwards	–			–
Total deferred income tax	Rs. –			Rs. –

## 25. EXPENSES BY CATEGORY:

Details of expenses classified by category for the year ended December 31, 2015 and 2014 are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Changes in inventories:	₩ 1,512,535	₩ 34,717	Rs. 85,988	Rs. 1,974
Raw materials and Merchandise goods used	2,299,372,955	2,374,551,894	130,719,352	134,993,275
Employee benefits	481,595,523	481,438,860	27,378,705	27,369,799
Depreciation	117,960,816	94,647,114	6,706,072	5,380,688
Amortization	32,479,932	11,457,466	1,846,484	651,357
Other	485,826,761	430,610,901	27,619,252	24,480,230
Total (*)	₩ 3,418,748,522	₩ 3,392,740,952	Rs. 194,355,853	Rs. 192,877,323

(\*) It is sum of cost of sales and selling and administrative expenses.

## 26. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company has a derivative contract with financial institutions, such as Korea Development Bank, to minimize the risks of exchange rate fluctuation by fitting the amount and period of expected foreign currency transactions (hedged items). Gain on valuation of derivatives for ₩227,340 thousand (Rs. 12,924 thousand) applied to cash flow risk aversion accounting treatment is recognized as other capital components, and gain(loss) on valuation of derivatives for ₩51,267 thousand (Rs. 2,915 thousand), which is an inefficient part, is recognized as current income for the year ended December 31, 2015. Gain(loss) on valuation of derivatives for ₩1,405,014 thousand (Rs. 79,875 thousand) applied to financial asset at fair value through profit or loss is recognized as current income for the year ended December 31, 2015.

**27. SELLING AND ADMINISTRATIVE EXPENSES:**

(1) Selling expenses for the years ended December 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2015	2014	2015	2014
Warranty expenses	W 76,173,469	W 76,721,685	Rs. 4,330,462	Rs. 4,361,628
Sales commissions	205,359,570	168,109,296	11,674,692	9,557,013
Advertising expenses	17,723,231	17,436,678	1,007,566	991,275
Export expenses	44,323,023	61,419,389	2,519,764	3,491,692
Others	36,281,517	36,462,002	2,062,604	2,072,865
	<u>W 379,860,810</u>	<u>W 360,149,050</u>	<u>Rs. 21,595,088</u>	<u>Rs. 20,474,473</u>

(2) Administrative expenses for the years ended December 31, 2015 and 2014 are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2015	2014	2015	2014
Salaries	W 49,055,088	W 46,982,723	Rs. 2,788,782	Rs. 2,670,968
Postemployment benefits	7,649,820	6,892,145	434,892	391,818
Employee benefits	11,241,331	12,261,123	639,070	697,045
Rent expense	11,367,918	10,441,378	646,266	593,592
Service fees	27,122,623	23,580,133	1,541,921	1,340,531
Depreciation	11,548,569	7,342,449	656,536	417,418
R&D expenses	15,830,768	19,898,965	899,979	1,131,256
Amortization	7,181,333	6,761,026	408,259	384,364
Bad debt expenses	(42,707)	(121,532)	(2,428)	(6,909)
Other administrative expenses	29,595,232	30,654,922	1,682,488	1,742,733
	<u>W 170,549,975</u>	<u>W 164,693,332</u>	<u>Rs. 9,695,765</u>	<u>Rs. 9,362,816</u>

**28. NON-OPERATING INCOME (EXPENSES):**

(1) Details of the Company's non-operating income for the years ended December 31, 2015 and 2014 are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2015	2014	2015	2014
Commission income	W 580,724	W 1,989,428	Rs. 33,014	Rs. 113,099
Gain on foreign currency transactions	11,270,925	12,819,814	640,752	728,806
Gain on foreign currency translation	631,365	869,419	35,893	49,426
Gain on disposal of property, plant and equipment	697,191	1,208,168	39,635	68,683
Others	18,649,783	30,727,209	1,060,241	1,746,844
	<u>W 31,829,988</u>	<u>W 47,614,038</u>	<u>Rs. 1,809,535</u>	<u>Rs. 2,706,858</u>

(2) Details of the Company's non-operating expense for the years ended December 31, 2015 and 2014 are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2015	2014	2015	2014
Loss on foreign currency transactions	W 11,297,206	W 10,620,978	Rs. 642,246	Rs. 603,803
Loss on foreign currency translation	241,518	782,062	13,730	44,460
Loss on disposal of property, plant and equipment	173,845	84,731	9,883	4,817
Loss on disposal of trade receivables	11,769,712	13,469,988	669,108	765,769
Others	6,342,376	29,138,645	360,565	1,656,532
	<u>W 29,824,657</u>	<u>W 54,096,404</u>	<u>Rs. 1,695,532</u>	<u>Rs. 3,075,381</u>

**29. FINANCIAL INCOME AND COST:**

(1) Details of the Company's financial income for the years ended December 31, 2015 and 2014 are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2015	2014	2015	2014
Interest income	W 3,225,111	W 4,931,275	Rs. 183,347	Rs. 280,343
Dividend income	480,229	738,010	27,301	41,956
Gain on foreign currency transactions	9,329,055	6,244,857	530,357	355,019
Gain on foreign currency translation	788,879	1,354,470	44,848	77,002
Gain on disposal of derivatives	2,427,103	36,832,905	137,981	2,093,951
Gain on valuation of derivatives	1,480,355	615,900	84,158	35,014
	<u>W 17,730,732</u>	<u>W 50,717,417</u>	<u>Rs. 1,007,992</u>	<u>Rs. 2,883,285</u>

(2) Details of the Company's financial cost for the years ended December 31, 2015 and 2014 are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2015	2014	2015	2014
Interest expense	W 1,308,344	W 1,136,466	Rs. 74,379	Rs. 64,608
Loss on foreign currency translation	11,643,652	6,752,914	661,942	383,903
Loss on foreign currency translation	1,810,370	287,498	102,920	16,344
Loss on disposal of AFS financial assets	10,090	9,576	574	544
Loss on disposal of derivatives	30,405,790	8,648,800	1,728,569	491,684
Loss on valuation of derivatives	24,074	190,200	1,368	10,814
	<u>W 45,202,320</u>	<u>W 17,025,454</u>	<u>Rs. 2,569,752</u>	<u>Rs. 967,897</u>



(3) Details of the Company's financial net profit for the years ended December 31, 2015 and 2014 are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2015	2014	2015	2014
Loan and receivables	₩ (1,419,321)	₩ 4,353,724	Rs. (80,688)	Rs. 247,510
Available-for-sale financial assets	470,140	728,434	26,727	41,411
Other financial liabilities	(26,522,407)	28,609,805	(1,507,799)	1,626,467
	₩ (27,471,588)	₩ 33,691,963	Rs. (1,561,760)	Rs. 1,915,388

### 30. LOSS PER SHARE:

(1) Basic loss per share for the years ended December 31, 2015 and 2014 is calculated as follows:

(Unit: Won in thousands, except for earnings per share)

	Korean won in thousands		Indian-rupee in thousands	
	2015	2014	2015	2014
Net loss	₩ (58,659,180)	₩ (50,635,793)	Rs. (3,334,774)	Rs. (2,878,645)
Loss contributed to common stocks	(58,659,180)	(50,635,793)	(3,334,774)	(2,878,645)
Number of common stocks outstanding	137,182,087	137,193,650	137,182,087	137,193,650
Basic and diluted loss per share(*)	₩ (428)	₩ (369)	Rs. (24)	Rs. (21)

(\*) Basic and diluted losses per share for the years ended December 31, 2015 and 2014 are identical since there are no dilutive potential common shares.

(2) The numbers of shares outstanding for the year ended December 31, 2015 and 2014 are calculated as follows:

	December 31, 2015					
	Time interval		Outstanding	Accumulated outstanding	Weighted average impact	Outstanding
Common stock	2015-01-01	2015-12-31	137,220,096	137,220,096	365/365	137,220,096
Treasury stock	2015-01-01	2015-02-22	(237,964)	(237,964)	53/365	(34,554)
	2015-02-23	2015-02-23	(221,997)	(221,997)	1/365	(608)
	2015-02-24	2015-02-24	(191,997)	(191,997)	1/365	(526)
	2015-02-25	2015-02-25	(161,997)	(161,997)	1/365	(444)
	2015-02-26	2015-02-26	(121,997)	(121,997)	1/365	(334)
	2015-02-27	2015-03-01	(71,997)	(71,997)	3/365	(592)
	2015-03-02	2015-03-17	(21,706)	(21,706)	16/365	(951)
Total						137,182,087

	December 31, 2014					
	Time interval		Outstanding	Accumulated outstanding	Weighted average impact	Outstanding
Common stock	2014-01-01	2014-12-31	137,220,096	137,220,096	365/365	137,220,096
Treasury stock	2014-01-01	2014-12-31	(21,706)	(21,706)	365/365	(21,706)
Increase in treasury stock	2014-12-24	2014-12-31	(216,258)	(216,258)	8/365	(4,740)
Total						137,193,650

### 31. CASH FLOWS FROM OPERATING ACTIVITIES:

(1) Details of cash flows from operating activities for the year ended December 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2015	2014	2015	2014
1) Net loss	₩ (58,659,180)	₩ (50,635,793)	Rs. (3,334,774)	Rs. (2,878,645)
2) Adjustments	216,863,010	182,028,912	12,328,662	10,348,344
Postemployment benefits	45,993,414	42,130,935	2,614,726	2,395,144
Depreciation	117,941,736	94,627,047	6,704,988	5,379,548
Amortization	32,479,932	11,457,466	1,846,484	651,357
Loss on disposal of trade receivables	11,769,712	13,469,988	669,108	765,769
Gain/Loss on foreign currency translation	631,644	(1,154,329)	35,909	(65,624)
Gain/Loss on disposal of property, plant and equipment	(523,346)	(1,123,437)	(29,752)	(63,866)
Interest income/expense	(1,916,767)	(3,794,809)	(108,968)	(215,735)
Gain on dividends	(480,229)	(738,010)	(27,301)	(41,956)
Loss on valuation of inventories	12,559,291	4,202,306	713,996	238,901
Others	(1,592,377)	22,951,756	(90,528)	1,304,806
3) Changes in working capital	45,827,442	(66,252,128)	2,605,290	(3,766,433)
Decrease (increase) in trade receivables, net	(5,553,031)	19,262,188	(315,690)	1,095,055
Decrease in non-trade receivables, net	11,927,192	13,467,147	678,061	765,607
Decrease in inventories	1,331,880	15,345,936	75,717	872,416
Decrease (increase) in other assets	(59,452)	874,020	(3,380)	49,688
Increase (decrease) in trade payables	65,298,440	(88,464,591)	3,712,216	(5,029,212)
Decrease in other payables	(31,163,394)	(39,893,243)	(1,771,639)	(2,267,931)
Increase in accrued charges	2,645,761	10,176,388	150,412	578,528
Increase in provision of product warranties	5,927,939	12,386,059	337,003	704,147
Payment of severance indemnities	(16,053,811)	(6,958,637)	(912,659)	(395,599)
Increase in other assets	11,525,918	(2,447,395)	655,249	(139,132)
Net cash (used in) provided by operating activities	₩ 204,031,272	₩ 65,140,991	Rs. 11,599,178	Rs. 3,703,266

**32. SEGMENT INFORMATION:**

(1) The Company determined itself as a single reportable segment in light of nature of goods or service creating operating income and trait of assets providing service. Therefore, writing disclosure according to reportable segment's operating income, income before income tax and its assets and liabilities is omitted.

(2) Information of each sales region for the year ended December 31, 2015 and 2014, is as follows:

(Unit: Korean won and Indian rupee in thousands):

Sales region	Year ended December 31, 2015			
Republic of Korea	₩	2,500,492,302	Rs.	142,152,987
Europe		459,834,288		26,141,579
Asia Pacific		162,431,746		9,234,245
Others		262,797,262		14,940,025
	₩	3,385,555,598	Rs.	192,468,836

Sales region	Year ended December 31, 2014			
Republic of Korea	₩	1,993,511,258	Rs.	113,331,115
Europe		634,160,768		36,052,040
Asia Pacific		276,876,574		15,740,433
Others		410,346,962		23,328,225
	₩	3,314,895,562	Rs.	188,451,813

Non-current assets are not separately disclosed as all are located in Korea, and main customer information is not disclosed as most of the Company sales are generated through contracting with individuals and foreign authorized agencies.

(3) Information of each sales product and service for the year ended December 31, 2015, and 2014, is as follows:

(Unit: Korean won and Indian rupee in thousands):

Sales	December 31, 2015			
Automobile	₩	3,014,054,040	Rs.	171,348,972
Products		347,665,543		19,764,786
Others		23,836,015		1,355,078
	₩	3,385,555,598	Rs.	192,468,836

Sales	December 31, 2014			
Automobile	₩	2,945,297,419	Rs.	167,440,158
Products		351,655,616		19,991,622
Others		17,942,527		1,020,033
	₩	3,314,895,562	Rs.	188,451,813

**33. RELATED-PARTY TRANSACTIONS:**

(1) Details of related parties as of December 31, 2015, are as follows:

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Subsidiary company	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.
Joint venture company	SY Auto Capital Co., Ltd.
Other affiliates company	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.

(2) Major transactions with related parties for the year ended December 31, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

Related Party	Company	Description	Year ended December 31, 2015	Year ended December 31, 2014
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩ 2,014,865	₩ 1,409,962
		Other income	58,513	81,738
		Purchases	1,793,813	302,048
		Other expenses	151,410	2,239,024
Transactions with subsidiaries	SSsangyong Motor (Shanghai) Co., Ltd. and 1 other	Sales	₩ 11,536,315	₩ 8,930,422
		Other income	469,229	1,110,871
		Other expenses	792	6,981
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. and 1 other	Sales	₩ 5,790,253	₩ 13,641,777
		Other income	9,937	77,504
		Other expenses	234,044	101,928

(Unit: Indian Rupee in thousands)

Related Party	Company	Description	Year ended December 31, 2015	Year ended December 31, 2014
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 114,545	Rs. 80,156
		Other income	3,326	4,647
		Purchases	101,978	17,171
		Other expenses	8,608	127,289
Transactions with subsidiaries	SSsangyong Motor (Shanghai) Co., Ltd. and 1 other	Sales	Rs. 655,840	Rs. 507,694
		Other income	26,676	63,153
		Other expenses	45	397
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. and 1 other	Sales	Rs. 329,176	Rs. 775,535
		Other income	565	4,406
		Other expenses	13,305	5,795

The bad debt expense recognized for the year ended December 31, 2015 and 2014 does not exist.

(3) Outstanding receivables and payables from transactions with related parties as of December 31, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

	December 31, 2015	December 31, 2014
Receivables from and payables to controlling company:		
Trade Receivables	₩ 89,823	₩ 40,507
Non-trade Receivables	54,959	159,510
Trade Payables	207,149	205,628
Non-trade Payables	2,808	982,293
Receivables from and payables to subsidiaries:		
Trade Receivables	₩ 12,200,938	₩ 11,277,388
Non-trade Receivables	468,466	383,861
Non-trade Payables	511,041	871,324
Receivables from and payables to Joint venture:		
Non-trade Receivables	96,000	-
Receivables from and payables to affiliates:		
Trade Receivables	₩ 20,769	₩ 1,459,978
Non-trade Receivables	-	23,435
Non-trade Payables	89,314	125,892

(Unit: Indian-Rupee in thousands)

	December 31, 2015	December 31, 2014
Receivables from and payables to controlling company:		
Trade Receivables	Rs. 5,106	Rs. 2,303
Non-trade Receivables	3,124	9,068
Trade Payables	11,776	11,690
Non-trade Payables	160	55,843
Receivables from and payables to subsidiaries:		
Trade Receivables	Rs. 693,623	Rs. 641,120
Non-trade Receivables	26,632	21,822
Non-trade Payables	29,053	49,535
Receivables from and payables to Joint venture:		
Non-trade Payables	Rs. 5,458	Rs. -
Receivables from and payables to affiliates:		
Trade Receivables	Rs. 1,181	Rs. 83,000
Non-trade Receivables	-	1,332
Non-trade Payables	5,078	7,157

The Company did not recognize allowance for the above-mentioned receivables, and no bad debt expense was recognized for the year ended December 31, 2015.

(4) Loan and borrowing transactions with related parties for the year ended December 31, 2014 are as follows:

(Unit: Korean won in thousands)

Year ended December 31, 2015	Beginning balance	Increase	Decrease	Ending balance
Controlling company				
Mahindra & Mahindra Ltd	Bonds ₩ 95,404,765 ₩	- ₩	95,404,765 ₩	- ₩

(Unit: Indian rupee in thousands)

Year ended December 31, 2015	Beginning balance	Increase	Decrease	Ending balance
Controlling company				
Mahindra & Mahindra Ltd	Bonds Rs. 5,423,761 Rs.	- Rs.	5,423,761 Rs.	- Rs.

(5) Stock trading with the related parties for the year ended December 31, 2015 and 2014 is as follows:

(Unit: Korean won in thousands)

	Company	Description	Year ended December 31, 2015	Year ended December 31, 2014
Joint venture company	SY Auto Capital Co., Ltd.	Paid in capital increase	₩ 10,200,000 ₩	- ₩

(Unit: Indian rupee in thousands)

	Company	Description	Year ended December 31, 2015	Year ended December 31, 2014
Joint venture company	SY Auto Capital Co., Ltd.	Paid in capital increase	Rs. 579,870 Rs.	- Rs.

(6) Details of compensation for key executives for the years ended December 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian Rupee in thousands	
	2015	2014	2015	2014
Short-term employee benefits	₩ 688,877 ₩	808,724 ₩	Rs. 39,163 Rs.	45,976 Rs.
Postemployment benefits	28,507 ₩	39,582 ₩	1,621 Rs.	2,250 Rs.

### 34. FINANCIAL INSTRUMENTS:

(1) Capital risk management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of December 31, 2015 and 2014, is as follows:

(Unit: Korean won in thousands)

	December 31, 2015	December 31, 2014
Debt (A)	₩ 1,321,781,281 ₩	₩ 1,190,749,155 ₩
Equity (B)	725,809,202 ₩	783,096,518 ₩
Debt ratio (A/B)	182.11%	152.06%

(Unit: Indian Rupee in thousands)

	December 31, 2015	December 31, 2014
Debt (A)	Rs. 75,143,265 Rs.	Rs. 67,694,090 Rs.
Equity (B)	41,262,252 Rs.	44,519,036 Rs.
Debt ratio (A/B)	182.11%	152.06%

(2) Details of financial assets and liabilities by category as of September 30, 2015, and December 31, 2014, are as follows:

1) Financial assets

(Unit: Korean won in thousands)

Financial asset	December 31, 2015						Fair value
	Loans and Receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total		
Cash and cash equivalents	₩ 192,773,290 ₩	₩ - ₩	₩ - ₩	₩ - ₩	₩ 192,773,290 ₩	₩ 192,773,290 ₩	
Long-term financial instruments	6,000 ₩	- ₩	- ₩	- ₩	6,000 ₩	6,000 ₩	
Trade receivables and other receivables	211,266,473 ₩	- ₩	- ₩	- ₩	211,266,473 ₩	211,266,473 ₩	
Long-term AFS financial assets	- ₩	560,000 ₩	- ₩	- ₩	560,000 ₩	560,000 ₩	
Derivative assets	- ₩	- ₩	1,429,088 ₩	278,607 ₩	1,707,695 ₩	1,707,695 ₩	
	₩ 404,045,763 ₩	₩ 560,000 ₩	₩ 1,429,088 ₩	₩ 278,607 ₩	₩ 406,313,458 ₩	₩ 406,313,458 ₩	

Financial asset	December 31, 2014						Fair value
	Loans and Receivables	AFS financial assets	Designated to hedge item	Total			
Cash and cash equivalents	₩ 149,091,232 ₩	₩ - ₩	₩ - ₩	₩ 149,091,232 ₩	₩ 149,091,232 ₩		
Long-term financial instruments	6,000 ₩	- ₩	- ₩	6,000 ₩	6,000 ₩		
Trade receivables and other receivables	226,953,219 ₩	- ₩	- ₩	226,953,219 ₩	226,953,219 ₩		
Long-term AFS financial assets	- ₩	560,000 ₩	- ₩	560,000 ₩	560,000 ₩		
Derivative assets	- ₩	- ₩	1,232,650 ₩	1,232,650 ₩	1,232,650 ₩		
	₩ 376,050,451 ₩	₩ 560,000 ₩	₩ 1,232,650 ₩	₩ 377,843,101 ₩	₩ 377,843,101 ₩		

SSANGYONG MOTOR COMPANY

(Unit: Indian Rupee in thousands)

December 31, 2015							
Financial asset	Loans and Receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value	
Cash and cash equivalents	Rs. 10,959,162	Rs. -	Rs. -	Rs. -	Rs. 10,959,162	Rs. 10,959,162	
Long-term financial instruments	341	-	-	-	341	341	
Trade receivables and other receivables	12,010,499	-	-	-	12,010,499	12,010,499	
Long-term AFS financial assets	-	31,836	-	-	31,836	31,836	
Derivative assets	Rs. -	Rs. -	Rs. 81,243	Rs. 15,839	Rs. 97,082	Rs. 97,082	
	<u>Rs. 22,970,002</u>	<u>Rs. 31,836</u>	<u>Rs. 81,243</u>	<u>Rs. 15,839</u>	<u>Rs. 23,098,920</u>	<u>Rs. 23,098,920</u>	

December 31, 2014							
Financial asset	Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value		
Cash and cash equivalents	Rs. 8,475,837	Rs. -	Rs. -	Rs. 8,475,837	Rs. 8,475,837	Rs. 8,475,837	
Long-term financial instruments	341	-	-	341	341	341	
Trade receivables and other receivables	12,902,291	-	-	12,902,291	12,902,291	12,902,291	
Long-term AFS financial assets	-	31,836	-	31,836	31,836	31,836	
Derivative assets	-	-	70,076	70,076	70,076	70,076	
	<u>Rs. 21,378,469</u>	<u>Rs. 31,836</u>	<u>Rs. 70,076</u>	<u>Rs. 21,480,381</u>	<u>Rs. 21,480,381</u>	<u>Rs. 21,480,381</u>	

2) Financial liabilities

(Unit: Korean won in thousands)

December 31, 2015					
Financial liabilities	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value	
Trade payables and other payables	₩ 650,094,828	₩ -	₩ 650,094,828	₩ 650,094,828	
Debt	190,724,546	-	190,724,546	190,724,546	
Derivative liabilities	-	24,074	24,074	24,074	
	<u>₩ 840,819,374</u>	<u>₩ 24,074</u>	<u>₩ 840,843,448</u>	<u>₩ 840,843,448</u>	

December 31, 2014					
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value	
Trade payables and other payables	₩ 628,537,845	₩ -	₩ 628,537,845	₩ 628,537,845	
Debt	124,540,013	-	124,540,013	124,540,013	
Derivative liabilities	-	14,974,250	14,974,250	14,974,250	
	<u>₩ 753,077,858</u>	<u>₩ 14,974,250</u>	<u>₩ 768,052,108</u>	<u>₩ 768,052,108</u>	

(Unit: Indian rupee in thousands)

December 31, 2015					
Financial liabilities	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value	
Trade payables and other payables	Rs. 36,957,891	Rs. -	Rs. 36,957,891	Rs. 36,957,891	
Debt	10,842,690	-	10,842,690	10,842,690	
Derivative liabilities	-	1,369	1,369	1,369	
	<u>Rs. 47,800,581</u>	<u>Rs. 1,369</u>	<u>Rs. 47,801,950</u>	<u>Rs. 47,801,950</u>	

December 31, 2014					
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value	
Trade payables and other payables	Rs. 35,732,376	Rs. -	Rs. 35,732,376	Rs. 35,732,376	
Debt	7,080,100	-	7,080,100	7,080,100	
Derivative liabilities	-	851,286	851,286	851,286	
	<u>Rs. 42,812,476</u>	<u>Rs. 851,286</u>	<u>Rs. 43,663,762</u>	<u>Rs. 43,663,762</u>	

## (3) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, AFS financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings, bonds and others.

## 1) Market risk

## a. Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company assesses, manages and reports, on a regular basis, the foreign currency risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10 %. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% at the period-end of December 31, 2015.

Current income will increase when FX rate increases (weaker KRW); likewise, current loss will increase, when FX rate decreases (stronger KRW) with respect to the relevant currency as per following table.

Current income will increase when FX rate increases (weaker KRW); likewise, current loss will increase, when FX rate decreases (stronger KRW) with respect to the relevant currency as per following table.

(Unit: Korean won in thousands)

Currency	Korean won in thousands		Indian rupee in thousands	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,316,004	₩ (1,316,004)	Rs.74,815	Rs.(74,815)
EUR	(3,786,611)	3,786,611	(215,269)	215,269
JPY	(6,132,395)	6,132,395	(348,627)	348,627
Others	1,645,294	(1,645,294)	93,535	(93,535)
	₩ (6,957,708)	₩ RS. 6,957,708	Rs. (395,546)	Rs. 395,546

In order to minimize the risk of foreign exchange fluctuation, the company has a policy of entering into foreign exchange forward agreement, which is accounted for as hedge accounting for future expected transactions.

Details of non-payment forward contracts for the year ended December 31, 2015 are as follows:

(Unit: Korean won in thousands)

Cash flow hedges		Average exchange rate contracted	Amount of foreign Currency	Amount of Contract	Fair value
Short position in EUR	Within 3 months	₩ 1,303.73	EUR 6,000,000	₩ 7,822,380	₩ 121,709
Long position in KRW	3-6 months	1,307.06	EUR 6,000,000	₩ 7,842,330	₩ 113,703
	6-9 months	1,309.84	EUR 2,000,000	₩ 2,619,680	₩ 43,195
Held for trading		Average exchange rate contracted	Amount of foreign Currency	Amount of Contract	Fair value
Short position in EUR	Within 3 months	₩ 1.1436	EUR 6,000,000	₩ 6,862	₩ 348,177
Short position in USD	3-6 months	1.1273	EUR 14,000,000	₩ 15,672	₩ 368,822
	6-9 months	1.1136	EUR 18,000,000	₩ 20,045	₩ 278,671
	9-12 months	1.1432	EUR 2,000,000	₩ 2,287	₩ 94,341
Short position in KRW, Long position in JPY	Within 3 months	9.38	JPY 900,000,000	₩ 8,443,060	₩ 315,003

(Unit: Indian rupee in thousands)

Cash flow hedges		Average exchange rate contracted	Amount of foreign Currency	Amount of Contract	Fair value
Short position in EUR	Within 3 months	Rs. 1,303.73	EUR 6,000,000	Rs. 444,702	Rs. 6,919
Long position in KRW	3-6 months	1,307.06	EUR 6,000,000	Rs. 445,836	Rs. 6,464
	6-9 months	1,309.84	EUR 2,000,000	Rs. 148,929	Rs. 2,456
Held for trading		Average exchange rate contracted	Amount of foreign Currency	Amount of Contract	Fair value
Short position in EUR	Within 3 months	Rs. 1.1436	EUR 6,000,000	Rs. 6,862	Rs. 19,794
Short position in USD	3-6 months	1.1273	EUR 14,000,000	Rs. 15,672	Rs. 20,968
	6-9 months	1.1136	EUR 18,000,000	Rs. 20,045	Rs. 15,842
	9-12 months	1.1432	EUR 2,000,000	Rs. 2,287	Rs. 5,363
Short position in KRW, Long position in JPY	Within 3 months	9.38	JPY 900,000,000	Rs. 479,988	Rs. 17,908

The cumulative benefits of cash flow hedging related to forward contracts deferred to equity, amount to 227,340 thousand won (Rs. 12,924 thousands), and this amount will be reclassified as current income or loss, when the contracts are settled. Future transactions related to forward transactions will occur within twelve months at the latest starting from the end of current period.

b. Interest rate risk

Sensitivity analysis was conducted assuming floating rate debt current balance is the same during the whole reporting period. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably possible fluctuations of interest rates.

When other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Company's current income will decrease/increase W181,301 thousand (Rs. 10,307 thousand) for the year ended December 31, 2015, due to floating rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the Company regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences and establishes credit limit for each customer or transacting party.

As of December 31, 2015, and 2014, the maximum exposed amounts of credit risk for financial assets maintained by the Company are as follows.

	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Korean won in thousands)		(Indian-rupee in thousands)	
Trade and other receivables	₩ 211,266,473	₩ 226,953,219	Rs. 12,010,499	Rs. 12,902,291

3) Liquidity risk

The Company establishes short-term and long-term fund management plans; consequently, exposures to liquidity risk. The Company analyzes and reviews actual cash out flows and its budget to correspond the maturities of financial liabilities to those of financial assets. Management of the Company believes that the financial liabilities may be redeemed by cash flows arising from operating activities and financial assets. To manage risks arising from installment sales receivables, the Company has entered into a factoring agreement with capital financial institutions.

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of December 31, 2015, and 2014, is as follows:

(Unit: Korean won in thousands)

	December 31, 2015			
	Within a year	More than 1 year	Total	
Trade payables	₩ 432,415,649	₩ -	₩ 432,415,649	
Non-trade payables	172,582,355	-	172,582,355	
Short-term borrowings	154,713,544	-	154,713,544	
Derivatives Liabilities	24,074	-	24,074	
Other payables	32,484,210	-	32,484,210	
Long-term borrowings	₩ -	₩ 40,037,205	₩ 40,037,205	
Long-term Non-trade payables	-	12,612,614	12,612,614	
	₩ <u>792,219,832</u>	₩ <u>52,649,819</u>	₩ <u>844,869,651</u>	

	December 31, 2014			
	Within a year	More than 1 year	Total	
Trade payables	₩ 367,047,418	₩ -	₩ 367,047,418	
Non-trade payables	228,240,409	-	228,240,409	
Short-term borrowings	100,926,284	-	100,926,284	
Derivatives Liabilities	14,974,250	-	14,974,250	
Other payables	29,715,325	-	29,715,325	
Long-term borrowings	₩ -	₩ 27,212,632	₩ 27,212,632	
Long-term Non-trade payables	-	3,534,693	3,534,693	
	₩ <u>740,903,686</u>	₩ <u>30,747,325</u>	₩ <u>771,651,011</u>	

(Unit: Indian rupee in thousands)

	December 31, 2015			
	Within a year	More than 1 year	Total	
Trade payables	Rs. 24,582,829	Rs. -	Rs. 24,582,829	
Non-trade payables	9,811,307	-	9,811,307	
Short-term borrowings	8,795,465	-	8,795,465	
Derivatives Liabilities	1,369	-	1,369	
Other payables	1,846,728	-	1,846,728	
Long-term borrowings	-	2,276,115	2,276,115	
Long-term Non-trade payables	-	717,027	717,027	
	Rs. <u>45,037,698</u>	Rs. <u>2,993,142</u>	Rs. <u>48,030,840</u>	

	December 31, 2014			
	Within a year	More than 1 year	Total	
Trade payables	Rs. 20,866,646	Rs. -	Rs. 20,866,646	
Non-trade payables	12,975,467	-	12,975,467	
Short-term borrowings	5,737,659	-	5,737,659	
Derivatives Liabilities	851,286	-	851,286	
Other payables	1,689,316	-	1,689,316	
Long-term borrowings	-	1,547,038	1,547,038	
Long-term Non-trade payables	-	200,947	200,947	
	Rs. <u>42,120,374</u>	Rs. <u>1,747,985</u>	Rs. <u>43,868,359</u>	

Funding arrangements as of December 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

		December 31, 2015		December 31, 2014	
		Borrowing limit commitments	Used	₩ 85,000,000	₩ 60,000,000
	Unused	112,000,000		Unused	65,000,000
	Total	₩ <u>197,000,000</u>	₩ <u>125,000,000</u>	Total	₩ <u>125,000,000</u>

(Unit: Indian-rupee in thousands)

		December 31, 2015		December 31, 2014	
Borrowing limit commitments	Used	Rs.	4,832,250	Rs.	3,411,000
	Unused		6,367,200		3,695,250
	Total	Rs.	11,199,450	Rs.	7,106,250

## (5) Fair value of financial instruments

1) The Company's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost on financial statements is not significant.

2) Valuation methods and assumptions applied in fair value measurement.

The fair values of financial instruments (i.e., government bonds and unsecured corporate bonds) traded on active markets are determined with reference to quoted market prices. The Company uses the closing price as the quoted market price for its financial assets.

The fair values of derivatives where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Non-option derivatives are evaluated by discounted cash flow method using the yield curve available. Options are evaluated by option-pricing models. Foreign exchange forward contracts are determined using the yield curve derived from market interest rates with the same maturity of forward contracts. To measure interest rate swaps, the cash flows are estimated by the yield curve derived from market interest rate and discounted to calculate the present value of swaps.

Fair values of other financial assets and liabilities (except those stated above) are calculated by generally accepted valuation models based on discounted cash flow analysis.

3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
Level 3	Inputs that are not based on observable market data

Fair values of financial instruments by heirarchy level as of December 31, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

		December 31, 2015				
Type		Level 1	Level 2	Level 3	Fair value	
Derivatives designated to hedge item	₩	-	₩ 1,707,695	₩	-	₩ 1,707,695
Derivatives Liabilities designated to hedge item		-	24,074	-		24,074

		December 31, 2014				
Type		Level 1	Level 2	Level 3	Fair value	
Derivatives designated to hedge item	₩	-	₩ 1,232,650	₩	-	₩ 1,232,650
Derivatives Liabilities designated to hedge item		-	14,974,250	-		14,974,250

(Unit: Indian rupee in thousands)

		December 31, 2015				
Type		Level 1	Level 2	Level 3	Fair value	
Derivatives designated to hedge item	Rs.	-	Rs. 97,082	Rs.	-	Rs. 97,082
Derivatives Liabilities designated to hedge item		-	1,369	-		1,369

		December 31, 2014				
Type		Level 1	Level 2	Level 3	Fair value	
Derivatives designated to hedge item	Rs.	-	Rs. 70,076	Rs.	-	Rs. 70,076
Derivatives Liabilities designated to hedge item		-	851,286	-		851,286

4) The Company measures the foreign exchange forward contract (derivative assets: ₩1,707,695 thousand (Rs. 97,082 thousand), derivative liabilities : ₩24,074 thousand (Rs. 1,369 thousand) based on the forward rate announced officially in the market as of December 31, 2014. In the event that no corresponding forward rate with residual period of the foreign exchange forward contract in the market exists, the Company measured the market value through interpolation method.

As input factors used in measuring market value of foreign exchange forward are from observable exchange forward rate, the Company classified the fair value of the foreign exchange forward as Level 2.

## DIRECTORS' REPORT

**Ssangyong European Parts Center B.V.** (the Company) is pleased to present the financial information of the Company for the year ended 31 December 2015.

### Principal Activities

The Company was established in 2006 as a 100% subsidiary of Ssangyong Motor Company ("SYMC", hereinafter), an automotive manufacturing company in Korea with its products of SUV's (sports utility vehicles) and a large-sized sedan. On behalf of SYMC, the Company is supplying spare parts to SYMC's overseas distributors in Europe for their after-sales services, through its warehouse facilities in Breda, since April 2007.

### Risks

The Company is performing its business activities based on the service agreement settled with SYMC.

#### *Debtor risk:*

The Company's sales are predominantly to clients which have a contract with SYMC for car sales and services, under which the sale of spare parts is covered. If any client is unable to fulfil its payment obligation, the balance of the Company's account receivable that is not collected from the client can be offset against the Company's outstanding balance of accounts payable to SYMC resulting from purchases of spare parts (i.e. any costs relating to bad debtors incurred by the Company will be fully reimbursed by SYMC). Therefore, the Company has no debtor risk for spare-part supplies to clients under contract with SYMC.

#### *Currency risk:*

The Company is mainly active in the European Union and all receivables and payables are denominated in Euro, accordingly, the currency risk is not hedged.

#### *Interest rate risk:*

The Company is exposed to interest rate risk mainly on the interest-bearing cash at bank. The Company is exposed to the consequences of variable interest rates on cash at bank. The Company has not entered into any derivative contracts to hedge the interest risk on assets or liabilities.

### Operations in 2015

The Company achieved annual re-invoicing sales of around EUR 11.8 million (around Rupees 854.0 million) in 2015, which is significantly higher than in the previous year.

With respect to gross operating structure, excluding the effects from its provision for bad inventory and the yearend adjustment for the agreed compensation with SYMC, the Company's Cost Of Goods Sold (COGS) rate decreased by around 1.8% points to 71.2% in 2015 from 73.0% a year earlier.

In terms of the Company's local operational cost, its Sales, General & Administrative expenses (SG&A) decreased this year around 5.50% to EUR 2.2 million (around Rupees 160 million),

primarily due to the investments in its ERP system and Human Resources to prepare for the further reduced outsourcing work scopes, mentioned in the 'Significant events in 2015' in this report. As of 31 December 2015, the Company employs 7 local people including expatriates from SYMC.

### Cash Flow

The Company's Cash Flow Statement shows a negative cash flow which is the primarily the result of the Company's function as a warehouse for spare parts for SYMC's distributors in Europe and one major responsibility is to ensure a safety stock is kept at all times. Inherent to a safety stock is that it is not sold within one year but should remain available for clients at all times, which means that while purchased from SYMC subsequent sales and the cash related to it will be made/received at a much later time. The inventory has therefore been increased due to stocking of spare parts for the new models launched by SYMC in 2015 and will continue for the new models to be launched in 2016, and as the purchases of spare parts increased so did the liability towards SYMC.

### Significant events in 2015

The Company entered into a 5 year service agreement with Pantos Logistics Benelux B.V. effectively at 1 January 2012 to outsource its warehousing facilities and IT system. This change has enabled the Company to reduce around 52% of its fixed outsourcing cost, which accounted for around 78% of total SG&A in 2011, 56% of total SG&A in 2012, 51% of total SG&A in 2013, 53% of total SG&A in 2014 and 57% of total SG&A in 2015.

During 2011, the Company settled with SYMC on the service agreement, of which the Dutch tax authorities acknowledged the validity through an Advanced Pricing Agreement (APA) with the Company.

In both 2015 and 2014 the Company significantly lowered its provision for bad inventory following the sale- and scrap of the older spare parts for models no longer sold or serviced within the European Union. At the same time this enabled the Company to free up warehouse space that will be needed for the spare parts for the new models the parent company scheduled to launch in 2016 and thereafter.

### Future Prospects

The Company predicts that its sales in the year of 2016 will be favourable compared to the prior period. And the Company's operating profit will be going forward favourably by the new environment under which its logistics service provider and the outsourced work scopes changed since 1 January 2012.

The Company will focus on having a stable operation structure to meet any requirement that is coming from the customers' side and occurs internally as well.

The shareholder has been fully supporting for the Company's operation going further in the year of 2016 and the after, considering that the Company's distribution of spare parts is



a basic value in automotive business against Distributors and Partners in European territories.

In 2016 the Company will see a change in its senior management with the resignation of Mr. Yoon to return to the shareholder company and per 1 January 2016 the appointment of Mr. Yang as a new Managing Director. The appointment of Mr. Yang has the full support of the shareholder and he will bring a further advancement to the development of the Company based on his long experience. No further significant changes in personnel and investments are expected in 2016.

As the current contract with Pantos Logistics Benelux B.V. will reach it's expiry date on 31 December 2016 and in line with the conditions of said contract, the Company is exploring the possibility of a contract renewal with Pantos Logistics Benelux B.V. as of March 2016.

As the Advanced Pricing Agreement (APA) with the Dutch Tax Authorities expired on 31 December 2015 the Company already started exploring the possibility of a renewal of- or a new APA with the Dutch Tax Authorities in 2015, once the APA is agreed upon it will be effective retroactive 1 January 2016. At the same time the service agreement with SYMC will be reviewed and when necessary renewed.

In 2015 SYMC has launched several new models among which a B-segment SUV named Tivoli which is proving to be a great success in several European countries as well as in Korea, and sales (pre-stocking) of spare parts has risen in line with the sales of the Tivoli Gasoline and Diesel model. SYMC plans to launch another new model of the Tivoli which would be very interesting for business and large family usage in the second quarter of 2016 and expectations are that the sales of spare parts will again increase following this launch.

Breda, 29 January 2016

Statutory Directors

K.T. Yoon

J.D. Lee

S.T. Yang

## INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Ssangyong European Parts Center B.V.

### Report on the financial statements

We have audited the accompanying financial statements 2015 of Ssangyong European Parts Center B.V., Breda, The Netherlands, which comprise the balance sheet as at December 31, 2015, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

### Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the director's report, both in accordance with Part 9 of Book 2 of The Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Ssangyong European Parts Center B. V. as at December 31, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of The Dutch Civil Code.

### Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of The Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed.

Further we report that the director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of The Dutch Civil Code.

Eindhoven, January 29, 2016

Deloitte Accountants B.V. Initials for identification purposes:

G.P.J. Vossen

**BALANCE SHEET AS AT 31 DECEMBER 2015****(before appropriation of net result)**

	Note	31 December 2015		31 December 2014	
		€	Proforma Indian Rupees	€	Proforma Indian Rupees
<b>Fixed assets</b>					
Intangible fixed assets .....	5.1	0	0	0	0
Tangible fixed assets .....	5.2	5,642	409,310	4,688	340,104
Financial fixed assets .....	5.3	0	0	14,268	1,035,138
		<u>5,642</u>	<u>409,310</u>	<u>18,956</u>	<u>1,375,242</u>
<b>Current assets</b>					
Inventories .....	5.4	4,851,046	351,943,368	3,923,619	284,658,587
Receivables .....	5.5	827,018	60,000,199	427,537	31,017,827
Cash and cash equivalents .....	5.6	875,377	63,508,650	986,285	71,554,943
		<u>6,553,441</u>	<u>475,452,217</u>	<u>5,337,441</u>	<u>387,231,357</u>
		<u>6,559,083</u>	<u>475,861,527</u>	<u>5,356,397</u>	<u>388,606,599</u>
<b>Equity and liabilities</b>					
<b>Shareholder's equity</b>					
	5.7				
Paid-in share capital .....		700,000	50,785,000	700,000	50,785,000
Retained earnings .....		(3,670,863)	(266,321,047)	(3,753,937)	(272,348,095)
Result for the year .....		84,410	6,123,960	83,074	6,027,048
		<u>(2,886,453)</u>	<u>(209,412,087)</u>	<u>(2,970,863)</u>	<u>(215,536,047)</u>
<b>Current liabilities</b> .....	5.8	<b>9,445,536</b>	<b>685,273,614</b>	<b>8,327,260</b>	<b>604,142,646</b>
		<u>6,559,083</u>	<u>475,861,527</u>	<u>5,356,397</u>	<u>388,606,599</u>

The accompanying notes form an integral part of the financial statements.

**INCOME STATEMENT FOR 2015**

	Note	2015		2014	
		€	Proforma Indian Rupees	€	Proforma Indian Rupees
<b>Net turnover</b> .....	6.1	<b>11,772,216</b>	<b>854,074,280</b>	10,093,241	732,264,614
Cost of sales.....		<b>(9,453,776)</b>	<b>(685,871,474)</b>	(7,652,585)	(555,194,993)
<b>Gross turnover result</b> .....		<b>2,318,440</b>	<b>168,202,806</b>	2,440,656	177,069,621
Selling expenses.....		<b>43,656</b>	<b>3,167,259</b>	34,343	2,491,583
General and administrative expenses .....	6.2	<b>2,164,382</b>	<b>157,025,889</b>	2,290,092	166,146,149
<b>Total expenses</b> .....		<b>2,208,038</b>	<b>160,193,148</b>	2,324,435	168,637,732
<b>Operating Profit</b> .....		<b>110,402</b>	<b>8,009,658</b>	116,221	8,431,889
Financial income (expense), net.....	6.3	<b>(9,092)</b>	<b>(659,596)</b>	(7,994)	(580,017)
<b>Result on ordinary activities before taxation</b> .....		<b>101,310</b>	<b>7,350,062</b>	108,227	7,851,872
Income tax expense (income).....	6.4	<b>(16,900)</b>	<b>(1,226,102)</b>	(25,153)	(1,824,824)
<b>Net Result</b> .....		<b>84,410</b>	<b>6,123,960</b>	83,074	6,027,048

The accompanying notes form an integral part of the financial statements.

**CASH FLOW STATEMENT FOR 2015**

	Note	2015		2014	
		€	Proforma Indian Rupees	€	Proforma Indian Rupees
<b>Cash flows from operating activities</b>					
Operating Profit.....		110,402	8,009,658	116,221	8,431,889
Adjustments for:					
Amortisation and depreciation.....	5.1 & 5.2	1,854	134,527	33,801	2,452,245
Changes in working capital:					
Inventories.....	5.4	(927,427)	(67,284,781)	27,257	1,977,491
Receivables.....	5.5	(399,481)	(28,982,372)	86,502	6,275,733
Current liabilities.....	5.8	1,118,276	81,130,968	(179,553)	(13,026,603)
Corporation Income Tax.....	5.8	(2,632)	(190,964)	0	0
Cash generated from operations.....		(99,008)	(7,182,964)	84,228	6,110,755
Financial income (expense), net.....	6.4	(9,092)	(659,596)	(7,994)	(580,017)
<b>Net cash generated from operating activities</b> .....		<b>(108,100)</b>	<b>(7,842,560)</b>	<b>76,234</b>	<b>5,530,738</b>
<b>Cash flows from investing activities</b>					
Investments in intangible fixed.....	5.1	0	0	0	0
Investments in tangible fixed assets.....	5.2	(2,808)	(203,733)	(2,629)	(190,708)
<b>Net cash used in investing activities</b> .....		<b>(2,808)</b>	<b>(203,733)</b>	<b>(2,629)</b>	<b>(190,708)</b>
<b>Cash flows from financing activities</b>					
Net cash used in financing activities.....		0	0	0	0
<b>Net cash flows</b> .....		<b>(110,908)</b>	<b>(8,046,293)</b>	<b>73,605</b>	<b>5,340,030</b>
Movements in cash and cash equivalents can be broken down as follows:					
<b>At 1 January</b> .....		<b>986,285</b>	<b>71,554,943</b>	<b>912,680</b>	<b>66,214,913</b>
Movements during the year .....		<b>(110,908)</b>	<b>(8,046,293)</b>	<b>73,605</b>	<b>5,340,030</b>
<b>At 31 December</b> .....		<b>875,377</b>	<b>63,508,650</b>	<b>986,285</b>	<b>71,554,943</b>

The accompanying notes form an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

#### 1.1 The Company

Ssangyong European Parts Center B.V., located at IABC 5253-5254, 4814 RD, Breda ("the Company", hereinafter) is a limited liability company, having its official seat in Breda.

The Company was incorporated as a 100% subsidiary of Ssangyong Motor Company, 455-12 Dongsak-ro, Pyungtaek-si, Gyeonggi-do in Korea ("SYMC", hereinafter) with its principal capital of Euro 700,000 (Proforma Indian Rupees 50,785,000) on 12 December 2006. Since early 2011, the majority of the shares of SYMC has been acquired by Mahindra & Mahindra Ltd. in India. Accordingly, the financial information of the Company has been included in the consolidated financial information of SYMC and Mahindra & Mahindra Ltd., the ultimate parent company.

SYMC is an automotive manufacturing company in Korea with its products of SUVs (sports utility vehicles) and a large-sized sedan, one of whose main export markets has been Western-Europe since 2002.

#### 1.2 Activities

As of 31 December 2015, the Company is distributing the spare parts to 27 distributors through its outsourced warehouse facilities in Breda. The Company's activity is to provide logistics and administrative support services including re-invoicing activities to SYMC for its distribution of spare parts to the distributors in Europe, who have an exclusive distributorship of SYMC's products respectively by country. Accordingly, all spare parts handled by the Company come from SYMC.

The Company's services are performed in accordance with the service agreement between SYMC and the Company, which is effective as of 1 January 2011. Based on the agreement, SYMC compensates the Company for its local operational cost, including the profit mark-up using a certain fixed rate, which is known as the Transactional Net Margin Method.

The remuneration in the above is acknowledged to be an arms' length remuneration for the Company's services to SYMC, through the Advance Pricing Agreement settled into by the Company and the Dutch tax authorities, on 6 October 2011.

#### 1.3 Use of Estimates

The financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial report, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those required in the valuation of inventories, deferred taxes, accounting of provisions and the impairment of intangible, tangible and financial fixed assets. All assumptions, anticipations, expectations and forecasts used as a basis for certain estimates within the financial statements represented good-faith assessments of the Company's future performance. It involves known and unknown risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ from those forecasted.

#### 1.4 Support parent company:

In view of the negative equity and negative working capital balances the continuation of the Company's operation might be dependent on the financial support of the parent company. In connection with this Ssangyong Motor Company, parent of Ssangyong European Parts Center B.V., has confirmed that it will provide the necessary financial support to Ssangyong European Parts Center B.V. to enable it to operate as a going concern and to meet its financial obligations for at the 18 months period after the date of these financial statements and confirmed that it has the financial resources to fulfil that commitment.

### 2 Accounting policies for the balance sheet

#### 2.1 General information

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of The Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The financial information is denominated in Euros.

#### 2.2 Proforma information

All amounts disclosed in Indian Proforma Indian Rupees are the Euro amount converted against a currency rate of approximately Rupees 72.55 = Euro 1 for 2015 and 2014.

The same rate is applied for the opening balance sheet, the results and closing balance sheet. The comparative information has also been translated against this same currency rate.

#### 2.3 Related party transactions

In the ordinary course of business the Company purchases approximately 99% of its products from affiliated parties. The Company is furthermore financed by an intercompany payable, reference is made to note 5.8.

#### 2.4 Prior-year comparison

The accounting policies have been consistently applied to all the years presented, if not specifically stated otherwise.

#### 2.5 Foreign currencies

Receivables, liabilities and obligations denominated in foreign currencies are translated against the exchange rates prevailing at balance sheet date. Transactions in foreign currencies during the financial year are recognised in the financial statements against the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, are recorded in income statement.

Transactions, receivables and debts

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

#### 2.6 Financial instruments

Financial instruments be both primary financial instruments, such as receivables and payables, and financial derivatives. The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the "Contingent rights and obligations." For the principles of primary financial instruments, in case applicable, reference is made to the treatment per balance sheet item.

#### 2.7 Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

#### 2.8 Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment and are depreciated over their estimated useful lives on a straight line basis. Ordinary maintenance and repairs are expensed as incurred.

Property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated useful life.

#### 2.9 Financial fixed assets

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and are predominantly long-term in nature.

**2.10 Impairment of assets**

On balance sheet date, the company tests whether there are any indications of an asset, which could be subject to impairment. If there are such indications, the company estimates the recoverable amount of the asset conceded. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value exceeds its recoverable value; the recoverable value is the higher of the value in use and the fair value less costs to sell.

Impairment is recognized as an expense in the profit and loss account immediately, unless the asset is carried at the revalued amount; in that case, the impairment is treated as a revaluation decrease.

**2.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. The valuation is based on weighted average prices. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. A provision is made for obsolete inventories by individual assessment of inventories, where considered necessary.

**2.12 Receivables**

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

**2.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at face value.

**2.14 Provisions**

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

**2.15 Deferred income tax assets and liabilities**

Deferred income tax assets and liabilities are recognised to provide for temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial information. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets and liabilities are recognised at face value.

**2.16 Short term Liabilities**

Upon initial recognition, liabilities recorded are stated at fair value and then valued at amortized costs.

**3 Accounting policies for the income statement****3.1 Net turnover**

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

**3.2 Cost of sales**

Cost of sales represents the direct and indirect expenses attributable to net turnover.

**3.3 Selling, General and Administrative expenses**

Selling, General and Administrative expenses are recognised at the historical cost convention that are not directly attributable to the cost

of the goods sold, and are allocated to the reporting year to which they are related. Selling expenses are related to various communication activities for the Company's logistics and administrative support services. General and Administrative expenses include the employee benefits, depreciations, outsourcing cost and other general cost.

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

Provisions for employee benefits:

The pension plans are financed through contributions to pension providers such as insurance companies. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet.

A pension receivable is included in the balance sheet when the company has the right of disposal over the pension receivable and it is probable that the future economic benefits which the pension receivable holds will accrue to the Company and the pension receivable can be reliably established. As at year-end 2015 (and 2014) no pension receivables and no obligations existed for the company in addition to the payment of the annual contribution due to the pension provider.

**3.4 Finance income and costs**

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

**3.5 Income tax expense**

Income tax is calculated on the result before tax in the income statement, taking into account any losses carried forward from previous financial years where not included in deferred income tax assets and tax exempt items, and plus non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

**3.6 Principles for preparation of the cash flow statement**

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

**4 Risk management****4.1 Currency risk**

The Company is mainly active in the European Union and all receivables and payables are denominated in Euro. Accordingly, the currency risk is not hedged.

**4.2 Interest rate risk**

The Company is exposed to interest rate risk mainly on the interest-bearing cash at bank. The company is exposed to the consequences of variable interest rates on cash at bank. The company has not entered into any derivative contracts to hedge the interest risk on assets or liabilities.

## 5 Notes to the balance sheet

## 5.1 Intangible fixed assets

	ERP System		Total	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
<b>At 1 January 2015</b>				
Cost	96,109	6,972,710	96,109	6,972,710
Accumulated depreciation	(96,109)	(6,972,710)	(96,109)	(6,972,710)
Carrying amount	0	0	0	0
<b>Movements</b>				
Investment	0	0	0	0
Depreciation	0	0	0	0
Carrying amount	0	0	0	0
<b>At 31 December 2015</b>				
Cost	96,109	6,972,710	96,109	6,972,710
Accumulated depreciation	(96,109)	(6,972,710)	(96,109)	(6,972,710)
Carrying amount	0	0	0	0
Depreciation rate	33%	33%	33%	33%

The Company has been developing its own ERP system using SAP Business one, due to the changes in outsourced work-scope starting at 1 January 2012.

## 5.2 Tangible fixed assets

Movements in property, plant and equipment can be broken down as follows:

	Office equipment		Total	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
<b>At 1 January 2015</b>				
Cost	67,637	4,907,076	67,637	4,907,076
Accumulated depreciation	(62,949)	(4,566,972)	(62,949)	(4,566,972)
Carrying amount	4,688	340,104	4,688	340,104
<b>Movements</b>				
Investment	2,808	203,733	2,808	203,733
Depreciation	(1,854)	(134,527)	(1,854)	(134,527)
Carrying amount	954	69,206	954	69,206
<b>At 31 December 2015</b>				
Cost	70,445	5,110,809	70,445	5,110,809
Accumulated depreciation	(64,803)	(4,701,499)	(64,803)	(4,701,499)
Carrying amount	5,642	409,310	5,642	409,310
Depreciation rate	20%	20%	20%	20%

## 5.3 Financial fixed assets

	31-12-2015		31-12-2014	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Deferred tax assets	0	0	14,268	1,035,138
	0	0	14,268	1,035,138

In the process of the APA, the Company agreed with the Dutch tax authorities on the total amount of taxable losses, of which tax effect, the above balance remained as a deferred tax asset as of 31 December 2014. As the APA is expired per 31 December 2015 the balance per 31 December 2015 is nil.

## 5.4 Inventories

	31-12-2015		31-12-2014	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Goods for resale	5,857,846	424,986,682	5,030,384	364,954,375
Less: provision	(1,006,800)	(73,043,314)	(1,106,765)	(80,295,788)
	4,851,046	351,943,368	3,923,619	284,658,587

With relation to the Company's outsourcing contract described all inventories above are provided as collateral for the outsourced parties.

## 5.5 Receivables

	31-12-2015		31-12-2014	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Trade receivables	731,434	53,065,580	302,550	21,949,988
Other receivables, including prepayments	95,584	6,934,619	124,987	9,067,839
	827,018	60,000,199	427,537	31,017,827

Receivables in the above fall due in less than one year and the fair value of the receivables approximates the book value.

## Other receivables

	31-12-2015		31-12-2014	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
V.A.T.	67,621	4,905,903	63,910	4,636,672
Prepayments	23,534	1,707,382	56,653	4,110,172
Others	4,429	321,334	4,424	320,995
	95,584	6,934,619	124,987	9,067,839

## 5.6 Cash and cash equivalents

All cash and cash equivalents are available on demand.

## 5.7 Shareholder's equity

	Issued share capital	Retained earnings (accumulated deficit)	Result for the year	Total
	€	€	€	€
<b>At 1 January 2014</b>	700,000	(3,840,032)	86,095	(3,053,937)
<b>Changes</b>				
Profit/(loss) appropriation	0	86,095	(86,095)	0
Profit/(loss) for the year	0	0	83,074	83,074
<b>At 31 December 2014</b>	700,000	(3,753,937)	83,074	(2,970,863)
<b>Changes</b>				
Profit/(loss) appropriation	0	83,074	(83,074)	0
Profit/(loss) for the year	0	0	84,410	84,410
<b>At 31 December 2015</b>	700,000	(3,670,863)	84,410	(2,886,453)



	Issued share capital	Retained earnings (accumulated deficit)	Result for the year	Total
	Proforma Indian Rupees	Proforma Indian Rupees	Proforma Indian Rupees	Proforma Indian Rupees
<b>At 1 January 2014</b>	50,785,000	(278,594,323)	6,246,228	(221,563,095)
<b>Changes</b>				
Profit/(loss) appropriation	0	6,246,228	(6,246,228)	0
Profit/(loss) for the year	0	0	6,027,048	6,027,048
<b>At 31 December 2014</b>	50,785,000	(272,348,095)	6,027,048	(215,536,047)
<b>Changes</b>				
Profit/(loss) appropriation	0	6,027,048	(6,027,048)	0
Profit/(loss) for the year	0	0	6,123,960	6,123,960
<b>At 31 December 2015</b>	50,785,000	(266,321,047)	6,123,960	(209,412,087)

The authorised share capital of Ssangyong European Parts Center B.V. amounts to € 3,500 thousand (Proforma Indian Rupees 253,925 thousand), divided by 35 thousand ordinary shares of € 100 (Proforma Indian Rupees 7,255) each. Out of the authorised shares, 7 thousand ordinary shares, equivalent of € 700 thousand (Proforma Indian Rupees 50,785 thousand), have been issued and paid-in.

#### 5.8 Current liabilities

	31-12-2015		31-12-2014	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Payable to SYMC, the parent company	9,172,261	665,447,522	8,082,098	586,356,202
Accounts payable	199,302	14,459,365	167,315	12,138,739
Corporation Income Tax	2,632	190,964	0	0
Other debts, accruals and deferred income	71,341	5,175,763	77,847	5,647,705
	<b>9,445,536</b>	<b>685,273,614</b>	<b>8,327,260</b>	<b>604,142,646</b>

Payable to the parent company consists of trade payable for goods purchased and no interest is charged.

#### 5.9 Remuneration of directors

In 2015 an amount of approximately EUR 233 thousand (Proforma Indian Rupees 16,931 thousand) and for 2014: EUR 230 thousand (Proforma Indian Rupees 16,702 thousand) for the remuneration of directors of the legal entity was charged to the company.

#### 5.10 Commitments

On 11 November 2011, the Company settled with Pantos Logistics Benelux B.V. into a 5 year service agreement including the work-scope of warehousing and warehousing management system only.

In accordance with the service agreement, the total fee committed by the Company amounts to EUR 1,184 thousand (Proforma Indian Rupees

85,865 thousand) as of 31 December 2015 of which EUR 1,184 thousand (Proforma Indian Rupees 85,865 thousand) relates to 2016.

With respect to the outsourcing fee, the fees are recognized on an accrual basis as General and Administrative expenses in the income statement.

The fees for 2015 and 2014 amounted to EUR 1,249 thousand (Proforma Indian Rupees 90,632 thousand) and EUR 1,228 thousand (Proforma Indian Rupees 89,126 thousand) respectively.

Total commitments in connection with operational lease agreements amounts to approximately EUR 71 thousand (Proforma Indian Rupees 5,120 thousand) of which EUR 37 thousand (Proforma Indian Rupees 2,687 thousand) relates to 2016.

## 6 Notes to the Income statement

### 6.1 Revenue

	2015		2014	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
The Netherlands	193,540	14,041,335	168,480	12,223,247
Other EU countries	9,716,567	704,936,934	8,218,176	596,228,649
Other European countries	1,862,109	135,096,011	1,706,585	123,812,718
Total Parts sales	11,772,216	854,074,280	10,093,241	732,264,614
Outbound delivery	0	0	0	0
	<b>11,772,216</b>	<b>854,074,280</b>	<b>10,093,241</b>	<b>732,264,614</b>

### 6.2 Employee benefits

	2015		2014	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Salaries and wages	475,416	34,491,449	527,781	38,290,486
Social security contributions	56,990	4,134,614	57,111	4,143,415
Other personnel expenses	147,102	10,672,272	170,492	12,369,242
	<b>679,508</b>	<b>49,298,335</b>	<b>755,384</b>	<b>54,803,143</b>

The above employee benefits expense is included in General and Administrative expenses.

Included in the social security charges for 2015 is an amount of EUR 14,727 (Proforma Indian Rupees 1,068 thousand) and for 2014: EUR 15,267 (Proforma Indian Rupees 1,108 thousand) with respect to pension costs.

### 6.3 Financial income and expenses

	2015		2014	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Interest and similar income	345	25,041	1,157	83,901
Bank cost and similar expense (incl. bank charges)	(9,437)	(684,737)	(9,151)	(663,918)
	<b>(9,092)</b>	<b>(659,696)</b>	<b>(7,994)</b>	<b>(580,017)</b>

### 6.4 Income taxes

The effective tax rate of 16.7% does not significantly differ from the nominal tax rate in The Netherlands.

6.5 *Average number of employees*

During the year 2015, the average number of employees, based on full time equivalents, was around 7 (2014: 8) all employed in the logistic services. There was no employee outside The Netherlands in 2015 and 2014, respectively.

**Signing of the financial statements**

Breda, 29 January 2016

Statutory Directors

K.T. Yoon

J.D. Lee

S.T. Yang

**Ssangyong European Parts Center B.V.**

IABC 5253-5254

4814RD, Breda

The Netherlands

## OTHER INFORMATION

### **Independent auditor's report**

Reference is made to the auditor's report as included hereinafter.

### **Statutory rules concerning appropriation of result**

According to Article 15, paragraph 2 of the Company's Articles of Association the profits, if any, are at the disposal of the General Meeting. The Company may distribute profits only if and to the extent that its shareholders equity is greater than the sum of the paid and called up part of the issued capital and the reserves which must be maintained by virtue of the law.

### **Appropriation of result for the financial year 2014**

The annual report 2014 is determined in the General Meeting. The General Meeting has determined the appropriation of the result in accordance with the proposal being made to that end.

### **Proposed appropriation of result for the financial year 2015**

The statutory directors propose that the result for the financial year 2015 amounting to EUR 84,410 (Proforma Indian Rupees 6,124 thousand) should be transferred to reserves without payment of dividend.

The financial statements do not yet reflect this proposal.

### **Events after the balance sheet date**

There are no subsequent events after balance sheet date affecting these financial statements.

## DIRECTORS' REPORT

### The Company

The Company was incorporated in Shanghai, China on 2<sup>nd</sup> December 2003 under the business license 310115400138400 (Pudong) and was a wholly owned subsidiary of Ssangyong Motor Company Limited ("SYMC").

The Company has a registered capital of RMB 30.0 million (INR 307 million), RMB 30.0 million (INR 307 million) was paid up to now.

Since August 2011, the Company has started its business operations as a national car sales distributor in China for SYMC.

The corporate representative is CHOI JOHNG SIK.

### Highlights of Financial year 2015:

#### Revenue Growth

Revenue of the Company in 2015 stood at RMB 7.1 million (INR 72.5 million), which is a 81% decreased over that of the previous year resulting from decreased of CBU order volume in 2015.

#### Dividend payable

Payable of dividend to SYMC amount to RMB 2.5 million (INR 25.5 million).

### SSANGYONG MOTOR (SHANGHAI) COMPANY LIMITED

Corporate representative:  
Choi, Johng Sik  
President

Place : Shanghai China

Date : 29<sup>th</sup> March 2016

## AUDITOR'S REPORT

### **Ssangyong Motor (Shanghai) Co., Ltd:**

We have audited the accompanying financial statements of Ssangyong Motor (Shanghai) Co., Ltd ("the Company"), which comprise the balance sheet as at 31 December 2015, and the income statement, the cash flow statement, the statement of changes in equity for the year then ended, and notes to the financial statements.

#### **I. Management's responsibility for the financial statements**

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements according to Chinese Accounting Standards for Business Enterprises, so as to present fairly the financial position, operating results and cash flows of the Company; and (2) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **II. Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with PRC Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend

on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **III. Opinion**

In our opinion, the financial statements give a true and fair view, in all material aspects, of the financial position of Ssangyong Motor (Shanghai) Co., Ltd as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with Chinese Accounting Standards for Business Enterprises.

Shanghai Changhao Certified      CICPA:  
Public Accountants

Shanghai China                      CICPA:

January 14, 2016

## BALANCE SHEET DECEMBER 31, 2015

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
<b>Current assets:</b>				
Monetary funds.....	22,342,373.64	228,785,906.07	35,947,546.67	368,102,877.90
△ Settlement reserve .....	-	-	-	-
△ Lend-out fund.....	-	-	-	-
Financial assets held.....	-	-	-	-
Notes receivable.....	-	-	-	-
Accounts receivable.....	22,587.13	231,292.21	2,590,656.57	26,528,323.27
Prepayments.....	-	-	-	-
△ Insurance premium receivable .....	-	-	-	-
△ Reinsurance receivable .....	-	-	-	-
△ Reinsurance contract reserves receivable .....	-	-	-	-
Interest receivable .....	-	-	-	-
Dividends receivable .....	-	-	-	-
Other receivables .....	1,213,009.56	12,421,217.90	744,951.41	7,628,302.44
△ Reverse buyback financial assets.....	-	-	-	-
Inventories .....	-	-	-	-
Including: raw materials.....	-	-	-	-
Commodities in stock (finished goods) .....	-	-	-	-
Non-current assets due within one year .....	-	-	-	-
Other current assets.....	-	-	-	-
<b>Total current assets.....</b>	<b>23,577,970.33</b>	<b>241,438,416.18</b>	<b>39,283,154.65</b>	<b>402,259,503.61</b>
<b>Non-current assets:</b>				
△ Loans issued and money advanced.....	-	-	-	-
Financial assets available for sale .....	-	-	-	-
Investment held to maturity .....	-	-	-	-
Long-term accounts receivable .....	-	-	-	-
Long-term equity investments .....	-	-	-	-
Investment property .....	-	-	-	-
Original costs of fixed assets.....	576,498.15	5,903,341.06	571,742.03	5,854,638.39
Less: accumulated depreciation.....	263,452.62	2,697,754.83	167,385.16	1,714,024.04
Net values of fixed assets.....	313,045.53	3,205,586.23	404,356.87	4,140,614.35
Less: impairment provision of fixed assets.....	-	-	-	-
Net Amounts of fixed assets.....	313,045.53	3,205,586.23	404,356.87	4,140,614.35
Construction in progress .....	-	-	-	-
Materials held for construction .....	-	-	-	-
Fixed assets to be disposed of .....	-	-	-	-
Bearer biological assets.....	-	-	-	-
Oil and gas assets .....	-	-	-	-
Intangible assets .....	-	-	-	-
R&D expenditures .....	-	-	-	-
Goodwill.....	-	-	-	-
Long-term deferred expenses.....	-	-	-	-
Deferred tax assets .....	-	-	-	-
Other non-current assets .....	-	-	-	-
Including: authorized reserve supplies .....	-	-	-	-
<b>Total non-current assets.....</b>	<b>313,045.53</b>	<b>3,205,586.23</b>	<b>404,356.87</b>	<b>4,140,614.35</b>
<b>Total Assets.....</b>	<b>23,891,015.86</b>	<b>244,644,002.41</b>	<b>39,687,511.52</b>	<b>406,400,117.96</b>

Note: accounts with \* are used for the consolidated financial statements only; accounts with △ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

**BALANCE SHEET DECEMBER 31, 2015**

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
<b>Current Liabilities:</b>				
Short-term borrowings .....	-	-	-	-
Δ Loans from the central bank .....	-	-	-	-
Δ Customer deposits and deposits from banks and other financial institutions .....	-	-	-	-
Δ Placements from banks and other financial institutions	-	-	-	-
Held-for-trading financial liabilities .....	-	-	-	-
Notes payable .....	-	-	-	-
Accounts payable .....	92,636.23	948,595.00	92,636.23	948,595.00
Advances from customers .....	-	-	-	-
Δ Financial assets sold under agreements to repurchase	-	-	-	-
Δ Fees and commissions payable .....	-	-	-	-
Employee benefits payable .....	-	-	-	-
Including: salaries payable .....	-	-	-	-
benefit costs payable .....	-	-	-	-
# including: employee incentive and benefit fund...	-	-	-	-
Taxes and fees payable .....	5,270.50	53,969.92	2,453.59	25,124.76
Including: taxes payable .....	-	-	-	-
Interest payable .....	-	-	-	-
Dividends payable .....	2,493,514.56	25,533,589.09	-	-
Other payables .....	2,960,033.07	30,310,738.64	4,670,076.77	47,821,586.12
Δ Amounts payable under reinsurance contracts .....	-	-	-	-
Δ Insurance contract reserve .....	-	-	-	-
Δ Amounts received on trust for securities trading .....	-	-	-	-
Δ Amounts payable to clients under securities underwriting arrangements .....	-	-	-	-
Non-current liabilities due within one year .....	-	-	-	-
Other current liabilities .....	-	-	-	-
<b>Total current liabilities</b> .....	<b>5,551,454.36</b>	<b>56,846,892.65</b>	<b>4,765,166.59</b>	<b>48,795,305.88</b>
<b>Non-current Liabilities:</b>				
Long-term borrowings .....	-	-	-	-
Bonds payable .....	-	-	-	-
Long-term payables .....	-	-	-	-
Special payables .....	-	-	-	-
Provisions .....	-	-	-	-
Deferred tax liabilities .....	-	-	-	-
Other non-current liabilities .....	-	-	-	-
Including: authorized reserve funds .....	-	-	-	-
<b>Total non-current liabilities</b> .....	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b> .....	<b>5,551,454.36</b>	<b>56,846,892.65</b>	<b>4,765,166.59</b>	<b>48,795,305.88</b>

## BALANCE SHEET DECEMBER 31, 2015

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
<b>OWNERS' EQUITY/SHAREHOLDERS' EQUITY</b>				
Paid-in capital/Share capital .....	30,000,000.00	307,200,000.00	30,000,000.00	307,200,000.00
State capital.....	-	-	-	-
Including: state-owned corporate capital.....	-	-	-	-
Collective corporate capital .....	-	-	-	-
Corporate capital.....	-	-	-	-
Including: personal capital .....	-	-	-	-
Foreign capital.....	30,000,000.00	307,200,000.00	30,000,000.00	307,200,000.00
#Less: refund of capital .....	-	-	-	-
Net paid-in capital/share capital.....	30,000,000.00	307,200,000.00	30,000,000.00	307,200,000.00
Capital reserve .....	184,216.66	1,886,378.60	184,216.66	1,886,378.60
Less: Treasury shares .....	-	-	-	-
Special reserve.....	-	-	-	-
Surplus reserve .....	2,047,327.05	20,964,628.99	2,047,327.05	20,964,628.99
Including: statutory surplus reserve .....	1,858,072.13	19,026,658.61	1,858,072.13	19,026,658.61
Discretionary surplus reserve .....	189,254.92	1,937,970.38	189,254.92	1,937,970.38
#Reserve fund .....	-	-	-	-
#Venture expansion fund .....	-	-	-	-
# Refund of investment paid by profit.....	-	-	-	-
Δ General reserve.....	-	-	-	-
Unappropriated profit.....	-13,891,982.21	-142,253,897.83	2,690,801.22	27,553,804.49
Translation differences arising on translation of financial statements in foreign currencies .....	-	-	-	-
Total equity attributable to equity holders of the parent	<u>18,339,561.50</u>	<u>187,797,109.76</u>	<u>34,922,344.93</u>	<u>357,604,812.08</u>
* Minority interest.....	-	-	-	-
<b>Total Owners' Equity</b> .....	<u>18,339,561.50</u>	<u>187,797,109.76</u>	<u>34,922,344.93</u>	<u>357,604,812.08</u>
<b>Total Liabilities and Owners' Equity</b> .....	<u>23,891,015.86</u>	<u>244,644,002.41</u>	<u>39,687,511.52</u>	<u>406,400,117.96</u>

Note: accounts with \* are used for the consolidated financial statements only; accounts with Δ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

**INCOME STATEMENT**

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
<b>I. Total operating income</b> .....	<b>7,079,845.25</b>	<b>72,497,615.36</b>	<b>38,101,215.93</b>	<b>390,156,451.12</b>
Including: Operating income .....	7,079,845.25	72,497,615.36	38,101,215.93	390,156,451.12
Including: income from major operations .....	7,075,407.60	72,452,173.82	38,060,373.06	389,738,220.13
Income from other operations .....	4,437.65	45,441.54	40,842.87	418,230.99
Δ Interest income .....	–	–	–	–
Δ Insurance premiums earned .....	–	–	–	–
Δ Fee and commission income .....	–	–	–	–
<b>II. Total operating costs</b> .....	<b>21,205,201.77</b>	<b>217,141,266.12</b>	<b>34,238,632.41</b>	<b>350,603,595.87</b>
Including: Operating costs .....	–	–	–	–
Including: major operating costs .....	–	–	–	–
Other operating costs .....	–	–	–	–
Δ Interest expenses .....	–	–	–	–
Δ Fee and commission expenses .....	–	–	–	–
Δ Surrenders of insurance policies .....	–	–	–	–
Δ Insurance claims and benefits (net of amounts recoverable from reinsurers) ...	–	–	–	–
Δ Changes in insurance reserve (net of reinsurers' share) .....	–	–	–	–
Δ Insurance policyholder dividends .....	–	–	–	–
Δ Expenses for inward reinsurance .....	–	–	–	–
Business taxes and levies .....	237.42	2,431.18	77,145.25	789,967.36
Costs of sales .....	21,977,208.68	225,046,616.88	34,946,086.31	357,847,923.81
Administration expenses .....	–	–	–	–
Including: research and development cost .....	–	–	–	–
Finance costs .....	-772,244.33	-7,907,781.94	-784,599.15	-8,034,295.30
Including: interest expenses .....	–	–	–	–
Interest income .....	719,363.01	7,366,277.22	744,325.77	7,621,895.88
Net losses from foreign exchange (gains indicated by “–”) .....	-57,997.29	-593,892.25	-45,384.16	-464,733.80
Impairment losses on assets .....	–	–	–	–
Others				
Add: Gains from changes in fair values (Losses are indicated by “–”) .....	–	–	–	–
Investment income (Loss is indicated by “–”) ...	–	–	–	–
Including: Income from investments in associates and joint ventures .....	–	–	–	–
Δ Foreign exchange gains (Losses are indicated by “–”) .....	–	–	–	–

Note: accounts with \* are used for the consolidated financial statements only; accounts with Δ are used for financial institutions only.



## INCOME STATEMENT

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
<b>III. Operating profit (Loss is indicated by “-”)....</b>	<b>-14,125,356.52</b>	<b>-144,643,650.76</b>	<b>3,862,583.52</b>	<b>39,552,855.25</b>
Add: Non-operating income .....	227,824.51	2,332,922.98	140,055.96	1,434,173.03
Including: gains from disposal of non-current assets.....	-	-	9,822.65	100,583.94
Gains from exchange of non-monetary assets.....	-	-	-	-
Government grants .....	210,000.00	2,150,400.00	125,000.00	1,280,000.00
Gains from debt restructuring .....	-	-	-	-
Less: Non-operating expenses.....	700.20	7,170.05	7,823.25	80,110.08
Including: Losses from disposal of non-current assets .....	700.20	7,170.05	7,823.25	80,110.08
Losses from exchange of non-monetary assets	-	-	-	-
Losses from debt restructuring.....	-	-	-	-
<b>IV. Total Profit (Total Loss is indicated by “-”) ...</b>	<b>-13,898,232.21</b>	<b>-142,317,897.83</b>	<b>3,994,816.23</b>	<b>40,906,918.20</b>
Less: Income tax expenses .....	-	-	1,011,981.54	10,362,690.97
<b>V. Net profit (Net loss is indicated by “-”) .....</b>	<b>-13,898,232.21</b>	<b>-142,317,897.83</b>	<b>2,982,834.69</b>	<b>30,544,227.23</b>
Net profit attributable to owners of the parent...	-13,898,232.21	-142,317,897.83	2,982,834.69	30,544,227.23
* Profit or loss attributable to minority interests	-	-	-	-
<b>VI. Earnings per share:</b> .....	-	-	-	-
Basic earnings per share .....	-	-	-	-
Diluted earnings per share .....	-	-	-	-
<b>VII. Other comprehensive income</b> .....	-	-	-	-
<b>VIII. Total comprehensive income attributable to:</b>	<b>-13,898,232.21</b>	<b>-142,317,897.83</b>	<b>2,982,834.69</b>	<b>30,544,227.23</b>
Owners of the parent .....	-	-	-	-
* Minority interests .....	-	-	-	-

Note: accounts with \* are used for the consolidated financial statements only; accounts with Δ are used for financial institutions only.

**CASH FLOW STATEMENT**

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
<b>I. Cash Flows from Operating Activities:</b>				
Cash receipts from the sale of goods and the rendering of services.....	10,072,661.24	103,144,051.10	42,042,687.69	430,517,121.95
Δ Cash receipts from the sale of goods and the rendering of services.....	-	-	-	-
Δ Net increase in loans from the central bank .....	-	-	-	-
Δ Net increase in placements from banks and other financial institutions .....	-	-	-	-
Δ Cash receipts from premiums under direct insurance contracts.....	-	-	-	-
Δ Net cash receipts from reinsurance business.....	-	-	-	-
Δ Net increase in policyholders' deposits and investment contract liabilities.....	-	-	-	-
Δ Net cash receipts from trading activities involving financial assets held for trading.....	-	-	-	-
Δ Cash receipts from interest, fees and commissions	-	-	-	-
Δ Net increase in placements received.....	-	-	-	-
Δ Net increase in funds raised under securities repurchase arrangements.....	-	-	-	-
Receipts of tax refunds .....	-	-	-	-
Other cash receipts relating to operating activities ....	934,391.45	9,568,168.45	4,823,188.85	49,389,453.82
<b>Sub-total of cash inflows.....</b>	<b>11,007,052.69</b>	<b>112,712,219.55</b>	<b>46,865,876.54</b>	<b>479,906,575.77</b>
Cash payments for goods purchased and services received .....	-	-	-	-
Δ Net increase in loans and advances to customers	-	-	-	-
Δ Net increase in deposits with the central bank and deposits with banks and other financial institutions...	-	-	-	-
Δ Cash payments for claims and benefits under direct insurance contracts.....	-	-	-	-
Δ Cash payments for interest, fees and commissions .....	-	-	-	-
Δ Cash payments for insurance policyholder dividends .....	-	-	-	-
Cash payments to and on behalf of employees .....	3,045,069.06	31,181,507.17	2,820,464.00	28,881,551.36
Payments of all types of taxes.....	250,194.40	2,561,990.66	3,249,867.57	33,278,643.92
Other cash payments relating to operating activities.....	21,231,963.82	217,415,309.52	33,592,333.00	343,985,489.92
<b>Sub-total of cash outflows .....</b>	<b>24,527,227.28</b>	<b>251,158,807.35</b>	<b>39,662,664.57</b>	<b>406,145,685.20</b>
<b>Net Cash Flow from Operating Activities .....</b>	<b>-13,520,174.59</b>	<b>-138,446,587.80</b>	<b>7,203,211.97</b>	<b>73,760,890.57</b>

Note: accounts with Δ are used for financial institutions only.

## CASH FLOW STATEMENT

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
<b>II. Cash Flows from Investing Activities:</b>				
Cash receipts from disposals of investments .....	-	-	-	-
Cash receipts from returns on investments .....	-	-	-	-
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets .....	-	-	176,200.00	1,804,288.00
Net cash receipts from disposals of subsidiaries and other business units .....	-	-	-	-
Other cash receipts relating to investing activities .....	-	-	-	-
<b>Sub-total of cash inflows</b> .....	-	-	176,200.00	1,804,288.00
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets .....	11,758.12	120,403.15	48,470.08	496,333.62
Cash payments to acquire investments .....	-	-	-	-
Δ Net increase in pledged loan .....	-	-	-	-
Net cash payments for acquisitions of subsidiaries and other business units .....	-	-	-	-
Other cash payments relating to investing activities ...	-	-	-	-
<b>Sub-total of cash outflows</b> .....	11,758.12	120,403.15	48,470.08	496,333.62
<b>Net Cash Flow from Investing Activities</b> .....	-11,758.12	-120,403.15	127,729.92	1,307,954.38
<b>III. Cash Flows from Financing Activities:</b>				
Cash receipts from investors making investment in the enterprise .....	-	-	-	-
Including: cash receipts from minorities making investment in subsidiaries .....	-	-	-	-
Cash receipts from borrowings .....	-	-	-	-
Δ Cash receipts from issue of bonds .....	-	-	-	-
Other cash receipts relating to financing activities .....	-	-	-	-
<b>Sub-total of cash inflows</b> .....	-	-	-	-
Cash repayments of amounts borrowed .....	-	-	-	-
Cash payments for distribution of dividends or profit or interest expenses .....	131,237.61	1,343,873.13	4,455,667.25	45,626,032.64
Including: payments for distribution of dividends or profit to minorities of subsidiaries .....	-	-	-	-
Other cash payments relating to financing activities ...	-	-	-	-
<b>Sub-total of cash outflows</b> .....	131,237.61	1,343,873.13	4,455,667.25	45,626,032.64
<b>Net Cash Flow from Financing Activities</b> .....	-131,237.61	-1,343,873.13	-4,455,667.25	-45,626,032.64
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b> .....	57,997.29	593,892.25	45,384.16	464,733.80
<b>V. Net Increase in Cash and Cash Equivalents</b> .....	-13,605,173.03	-139,316,971.83	2,920,658.80	29,907,546.11
Add: Opening balance of Cash and Cash Equivalents .....	35,947,546.67	368,102,877.90	33,026,887.87	338,195,331.79
<b>VI. Closing Balance of Cash and Cash Equivalents</b> .....	22,342,373.64	228,785,906.07	35,947,546.67	368,102,877.90

Note: accounts with Δ are used for financial institutions only.

## STATEMENT OF CHANGES IN OWNERS' EQUITY

Unit: RMB

Item	31 December 2015											
	Attributable to Owners of the Parent						Minority Interests			Total Owner's Equity		
	1	2	3	4	5	6	7	8	9	10	11	
Paid-in Capital/Share Capital	Capital Reserve	Less: Treasury Shares	Special Reserve	Surplus Reserve	General Reserve	Unappropriated Profit	Others	Subtotal				
Column No.												
I. Closing balance of the preceding year	307,200,000.00	184,216.66	-	-	20,964,628.99	27,553,804.49	-	34,922,344.93	357,604,812.08	-	34,922,344.93	357,604,812.08
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	307,200,000.00	184,216.66	-	-	20,964,628.99	27,553,804.49	-	34,922,344.93	357,604,812.08	-	34,922,344.93	357,604,812.08
III. Changes for the year (decrease is indicated by "-")												
(i) Net profit	-	-	-	-	-	169,807,702.32	-	-16,582,783.43	169,807,702.32	-	-16,582,783.43	169,807,702.32
(ii) Other comprehensive income	-	-	-	-	-	-	-	-13,898,232.21	-142,317,897.83	-	-13,898,232.21	-142,317,897.83
(iii) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal of (i) and (ii)	-	-	-	-	-	169,807,702.32	-	-30,480,995.64	137,326,706.67	-	-30,480,995.64	137,326,706.67
(iv) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(v) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawn in the period	-	-	-	-	-	-	-	-	-	-	-	-
2. Utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-
(vi) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer to surplus reserve including: statutory surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
Discretionary surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
# Reserve fund	-	-	-	-	-	-	-	-	-	-	-	-
# Venture expansion fund	-	-	-	-	-	-	-	-	-	-	-	-
# Retain of investment paid by profit	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to owners/shareholders	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(vii) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	307,200,000.00	184,216.66	-	-	20,964,628.99	27,553,804.49	-	18,339,561.50	187,797,109.76	-	18,339,561.50	187,797,109.76

Note: accounts with  $\Delta$  are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

## STATEMENT OF CHANGES IN OWNERS' EQUITY

Unit: INR

Item	31 December 2014											Minority Interests	Total Owners' Equity				
	Attributable to Owners of the Parent										Subtotal						
	Paid-in Capital/Share Capital	Capital Reserve	Less: Treasury Shares	Special Reserve	Surplus Reserve	Δ General Reserve	Unappropriated Profit	Others	Subtotal	Minority Interests							
12	13	14	15	16	17	18	19	20	21	22							
Column No.																	
I. Closing balance of the preceding year	30,000,000.00	307,200,000.00	184,216.66	1,886,376.60	-	-	1,749,043.58	17,910,206.26	-	4,567,074.80	46,766,845.95	-	36,500,335.04	373,763,430.81	-	36,500,335.04	373,763,430.81
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	30,000,000.00	307,200,000.00	184,216.66	1,886,376.60	-	-	1,749,043.58	17,910,206.26	-	4,567,074.80	46,766,845.95	-	36,500,335.04	373,763,430.81	-	36,500,335.04	373,763,430.81
III. Changes for the year (decrease is indicated by "-")	-	-	-	-	-	-	298,283.47	3,054,422.72	-	-1,876,273.58	-19,213,041.46	-	-1,577,990.11	-16,188,618.73	-	-1,577,990.11	-16,188,618.73
(I) Net profit	-	-	-	-	-	-	-	-	-	2,982,834.69	30,544,227.23	-	2,982,834.69	30,544,227.23	-	2,982,834.69	30,544,227.23
(II) Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal of (I) and (II)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawn in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Profit distribution	-	-	-	-	-	-	298,283.47	3,054,422.72	-	-4,859,108.27	-48,680,455.36	-	-4,560,824.80	-46,702,845.95	-	-4,560,824.80	-46,702,845.95
1. Transfer to surplus reserve	-	-	-	-	-	-	298,283.47	3,054,422.72	-	-298,283.47	-3,054,422.72	-	-	-	-	-	-
Including: statutory surplus reserve	-	-	-	-	-	-	298,283.47	3,054,422.72	-	-298,283.47	-3,054,422.72	-	-	-	-	-	-
Discretionary surplus reserve	-	-	-	-	-	-	298,283.47	3,054,422.72	-	-298,283.47	-3,054,422.72	-	-	-	-	-	-
# Reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Venture expansion fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Refund of investment paid by profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-4,455,667.25	-45,626,032.64	-	-4,455,667.25	-45,626,032.64	-	-4,455,667.25	-45,626,032.64
3. Distributions to owners/shareholders	-	-	-	-	-	-	-	-	-	-105,157.55	-1,076,813.31	-	-105,157.55	-1,076,813.31	-	-105,157.55	-1,076,813.31
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	30,000,000.00	307,200,000.00	184,216.66	1,886,376.60	-	-	2,047,327.05	20,964,628.99	-	2,690,801.22	27,553,804.49	-	34,922,344.83	357,604,812.08	-	34,922,344.83	357,604,812.08

Note: accounts with Δ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

**I. Company Profile**

Ssangyong Motor (Shanghai) Co., Ltd (“Company”) was funded and incorporated by Ssangyong Motor Company on December 2, 2003. The Company has obtained business license with registered number 3100115400138400 from Shanghai Administration for Industry and Commerce. The company registered in China (Shanghai) free trade area, 500 grams of ice road, room 1209, the Company has a registered capital of RMB30,000,000.00 and a paid-in capital of RMB30,000,000.00, and its legal representative is CHOI JOHNG SIK.

In September 22, 2014 set up a Ssangyong Motor (Shanghai) Co., Ltd. Beijing branch, has been awarded by the Beijing Municipal Administration of industry and commerce registration number for the business license 110000450267570. Company registered in Beijing City, Chaoyang District, 32 Liangmaqiao Lu, 7layer 707-708.

**Operation scope of the Company:** import and exclusive distribution (excluding retail) of SSANG YONG automobiles with authorization of Ssangyong Motor Company; wholesale, commission agent (excluding auction), import/export of auto parts, chemicals (excluding dangerous goods, specialty chemicals, and precursor chemicals), and metallic tools, for autos, textiles, and lubricants used for autos, as well as related marketing, technical support, training services, and supporting services; enterprise management consulting, economic information consulting, and investment consulting; international trade within the Free Trade Zone, re-export trade, agent for trade between enterprises within the Free Trade Zone as well as trade within the Free Trade Zone, merchandized simple processing within the Free Trade Zone; and being agent for trade with non-Free-Trade-Zone-enterprises via domestic enterprises with import/export qualifications (not involving state-trading-goods; if involving any goods which require quota or license, application should be submitted as specified by competent regulations.) (if involving any goods which require administrative license, operate with relevant licenses).

**II. Basis of preparation**

The financial statements were prepared on a going concern basis in accordance with *Chinese Accounting Standards for Business Enterprises* and the Implementation Guide as well as *Chinese Accounting Standards for Small Enterprises*, subject to the following significant accounting policies and accounting estimates.

**III. Statement of compliance**

The financial statements have been prepared in accordance with *Chinese Accounting Standards for Business Enterprises* and *Chinese Accounting Standards for Small Enterprises*. The financial statements give a true and complete view of the financial position of the Company as of 31 December 2015, and of its financial performance and its cash flows for the year then ended.

**IV. Significant accounting policies and accounting estimates****1. Accounting year**

The Company’s accounting year is the period starting from January 1 to December 31 of a calendar year.

**2. Functional currency**

The Company’s functional currency is Renminbi (RMB). All amounts disclosed in Proforma Indian Rupees are Renminbi converted against a currency rate of Rupees(INR) 10.24=RMB 1.00.

**3. Accounting basis and measurement basis**

The Company adopts the accrual basis of accounting. Generally, the Company measures the accounting elements on the historical cost basis. In case the amount of any accounting elements can be reliably measured as required by *Chinese Accounting Standards for Business Enterprises*, such accounting elements are measured at replacement cost, net realizable value, present value, or fair value.

**4. Accounting and translation of foreign currency transactions****(1) Translation of foreign currency transactions**

Foreign currency transactions are initially recognized by applying the spot exchange rate at the date of the transaction, but foreign currency translations or transactions involving foreign currency translation are initially recognized by applying the exchange rate actually used.

**(2) Accounting of monetary items and non-monetary items denominated in foreign currencies at the balance sheet date**

Foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss, except that translation differences previous balance sheet date are recognized in profit or loss, except that translation differences arising from borrowings relating to the acquisition, construction or production of a qualifying asset as specified by *Chinese Accounting Standards for Business Enterprises No. 17 – Borrowing Costs* are capitalized.

Foreign currency non-monetary items measured at historical cost continue to be translated at the spot exchange rates at the dates of the transactions, i.e. the amounts in functional currency shall remain unchanged.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined. Difference between the adjusted functional currency amount and the original functional currency amount is treated as changes of fair value (including changes of exchange rate) and is recognized in profit and loss for the current period.

**(3) Translation of financial statements denominated in foreign currency**

Financial statements denominated in foreign currency are translated into Renminbi in accordance with the following requirements:

Assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. All equity items except for “unappropriated profits” are translated at the spot exchange rates at the dates on which such items arose.

Income and expenses in the income statement are translated at the spot exchange rates at the dates of the transactions/an exchange rate that approximates the actual spot exchange rates at the dates of the transactions.

Translation differences arising from the foregoing financial statements translation are presented as a separate component of equity in the balance sheet.

Cash flow statement denominated in foreign currency is translated at the spot exchange rate at the date of the cash flow/an exchange rate that approximates the actual spot exchange rates at the date of the cash flow.

**5. Recognition criteria of Cash and cash equivalents**

- (1) Cash comprises cash on hand and deposits that can be readily withdrawn on demand;
- (2) Cash equivalents are short-term (“Short-term” usually refers to three months or less from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**6. Receivables**

The individually significant receivables are tested separately for impairment. Where there is objective evidence that the receivables are impaired, the excess of the carrying amount over its present value of the future cash flows is recognized as the impairment losses, with provision made for bad debts. Receivables that are not impaired after separate testing are classified into several portfolios by credit risk characteristics, and the impairment losses are calculated at a certain proportion of balance of the receivables portfolios on balance sheet date, with provision made for bad debts.

Identification criteria of doubtful debts:

- (1) Revoke or bankruptcy of debtor; debts cannot be settled through judicial process; debt clean-up costs exceed the amount of the debt;

- (2) The debtor is faced with insolvency and closure caused by serious natural disaster and is unable to settle the debts in a short time;
- (3) Ageing of the debts exceeds 3 years and there is conclusive evidence indicating the debts are not recovered.

## 7. Inventories

Inventories include raw material, material in transit, commodities in stock, and low-cost items.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs.

The Company adopts the weighted average cost formula to assign the actual costs of inventories and amortizes low-cost items and packaging materials by using immediate write-off method.

The Company adopts the perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down is reversed. The reversal is limited to the amount originally provided for the decline in value of inventories. The amount of the reversal is included in profit or loss for the current period.

If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories shall be recognized in profit or loss for the current period.

## 8. Fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that have useful lives more than one accounting year.

Fixed assets are recognized only when it is probable that economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably. Subsequent expenditures incurred for fixed assets that meet the recognition criteria are included in the cost of the fixed assets; meanwhile the carrying value of the replaced part are derecognized. Subsequent expenditures that fail to meet the recognition criteria are recognized in profit or loss in the period in which they are incurred.

Fixed assets are initially measured at cost while effect of any expected abandoning costs are considered. Generally, costs of fixed assets comprise the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use, such as delivery costs and installation costs. However, where payment for the purchase price of fixed assets are deferred beyond normal credit terms, cost of the fixed assets are determined based on the present value of the purchase price.

Straight-line method is applied for depreciation of fixed assets. Useful lives, estimated net residual value, and the depreciation rates of each type of fixed assets are as follows:

Type of fixed asset	Estimated net residual value (%)	Estimated useful life (year)	Annual depreciation rate
Office equipment	10	5	18%
Transport equipment	10	5	18%

Depreciation of fixed assets is provided monthly. Depreciation of a new fixed asset is not provided in the same month when it is added, but since the following month; depreciation of a fixed asset is still provided in the same month when it is abandoned, and the provision stops since the following month.

Where each part of a fixed asset has different useful lives or brings economic benefits to the Company in different patterns, different depreciation rates apply.

Depreciation policy for assets leased through finance lease is consistent with that for the Company's owned fixed assets. If there is reasonable certainty that the Company will obtain ownership of the leased asset by the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Company will obtain ownership of the leased asset by the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

Useful lives, estimated net residual values, and depreciation methods of fixed assets are assessed at least at each financial year-end and adjustments are made when necessary.

## 9. Construction in progress

Costs of construction in progress are determined on the basis of actual expenditure of the construction, including any construction expenditures, capitalized borrowing costs before the construction has achieved the working condition for its intended use, and other related expenses.

Construction in progress is recognized as a fixed asset once it has achieved the working condition for its intended use.

## 10. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance owned or controlled by the Company, including land use right and software.

Intangible assets are measured initially at cost. When it is probable that economic benefits associated with the intangible assets will flow to the Company and the cost of the assets can be measured reliably, expenditures incurred for intangible assets are included in the cost of the intangible assets; any other related expenditure is recognized in profit or loss in the period in which they are incurred.

Intangible assets with finite useful lives are amortized within their estimated useful lives by applying the straight-line method since the assets are available for use.

Useful lives and amortization methods of intangible assets are assessed at the end of the period and any changes are accounted for as changes of accounting estimates.

## 11. Long-term deferred expenses

Long-term deferred expense refers to expense that has occurred and that shall be borne by the current period and subsequent period and amortized during over-one-year period. Cost incurred for improvement of a fixed asset leased to the Company under operating lease is recognized as long-term deferred expenses and averagedly amortized over the periods benefited from such costs. Start-up costs are recognized in profit or loss when they occur.

## 12. Impairment of assets

The Company adopts the following impairment policies, except for inventories, construction contracts, deferred tax, financial assets, and long-term equity investments which have no quoted price from an active market and whose fair value cannot be reliably measured:

The Company assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Company estimates the recoverable amount of the asset. Goodwill arising in a business combination and an intangible asset with an indefinite useful life is tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

If the recoverable amount of an asset or asset group is less than its carrying amount, the Company reduces the carrying amount to its recoverable amount. That reduction is recognized in profit or loss for the current period and a provision for impairment loss of the asset or asset group is recognized accordingly.

For the purpose of impairment testing, the Company allocates the carrying amount of goodwill on a reasonable basis to each of the related asset groups from the acquisition date. If it is not possible to allocate to the related asset groups, the Company allocates to each of the related sets of asset groups. Each of related asset groups or sets of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and is not be larger than a reportable segment defined by the Company.

In testing asset groups or sets of asset groups with goodwill for impairment, if there is any indication that the related asset groups or sets of asset groups may be impaired, the Company first tests those asset groups or sets of asset groups to which goodwill has not been allocated. Then the Company recognizes any impairment losses after determining the

recoverable amount and comparing it with the relevant carrying amount. After that, the Company tests those asset groups or sets of asset groups to which goodwill has been allocated, by comparing the carrying amount of such related asset groups or sets of asset groups with their recoverable amount. If the recoverable amount is less than the carrying amount, the Company first reduces the amount of impairment loss from the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce from the carrying amount of other assets (other than goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

Once the foregoing asset impairment loss is recognized, it will not be reversed in a subsequent period.

### 13. Employee benefits

In the accounting period in which employees render services to the Company, the Company recognizes the employee benefits payable for the services as a liability.

The Company has attended the employee social insurance system, including basic pensions, medical insurance, housing fund, and etc., expenditures incurred are included in the cost of relevant assets or are recognized in profit or loss in the period in which they are incurred.

When the Company terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision is recognized for the compensation arising from termination of employment relationship with employees, provided that the Company has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy, which will be implemented immediately, and that the Company cannot unilaterally withdraw from the termination plan or the redundancy offer.

Early retirement plan is also accounted for by using the same termination benefit principle. As for salaries and social insurances to be paid / contributed during the period starting from the day of terminating rendering services to the day of normal retirement for early-retired employees, the Company recognizes them in profit or loss for the current period (i.e. termination benefits) when they meet the reorganization conditions of provisions.

### 14. Provisions

An obligation related to a contingency is recognized as a provision when all of the following conditions are satisfied: the obligation is a present obligation of the Company; it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount of the obligation can be measured reliably.

At the balance sheet date, the Company takes into consideration factors pertaining to a contingency such as the risks, uncertainties and time value of money and measures the provision at the best estimate of the expenditure required to settle the related present obligation.

Where all or part of the expenditure required for provision settlement is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement will not exceed the carrying amount of the provision.

### 15. Revenue

#### (1) Revenue from sale of goods

Only when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the Company, and the associated costs incurred or to be incurred can be measured reliably, the Company recognizes revenue from sale of goods.

#### (2) Revenue from rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Stage of completion of such transactions is determined on the basis of surveys of work performed.

The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Company; the stage of completion of the transaction can be measured reliably; and the costs incurred and to be incurred for the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services cannot be estimated revenue is recognized to the extent of costs incurred that are expected to be recoverable and an equivalent amount is charged to profit or loss as service costs. If the costs incurred are not expected to be recoverable, the costs incurred are recognized in profit or loss for the current period and no service revenue is recognized.

#### (3) Revenue from royalties

The amount of royalties is determined on the accrual basis according to relevant contract or agreement.

#### (4) Revenue from interest

The amount of interest is determined according to the length of time for which the Company's monetary fund is used by others and the effective interest rate.

### 16. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

#### 1. Accounting of operating leases as a lessee

The Company recognizes the lease payments under an operating lease on a straight-line basis over the lease term, and either includes in the cost of another related asset or charges to profit or loss for the current period.

#### 2. Accounting of operating leases as a lessor

The Company recognizes the income from operating leases in profit or loss on a straight-line basis over the lease term.

#### 3. Accounting of finance leases as a lessee

At the commencement of the lease term, the Company records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge. Unrecognized finance charge is allocated to each period during the lease term. The Company recognizes finance charge for the current period using the effective interest method.

### 17. Accounting of income tax

#### (1) Income tax expense

Income tax expense includes current tax and deferred tax of an enterprise.

Current/deferred tax expense or income is recognized in profit or loss, except that current tax and deferred tax arising from transactions or events which are directly recognized in owners' equity is recognized in owners' equity and that deferred tax arising from business combinations is adjusted to the carrying amount of the goodwill.

#### (2) Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. Taxable profit is calculated on the basis of pre-tax profit adjusted according to tax laws.



## (3) Deferred tax assets and deferred tax liabilities

As for differences between the carrying amount of certain assets or liabilities and their tax base as well as temporary differences between the carrying amount and tax base of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws, the Company recognizes such differences as deferred tax assets and deferred tax liabilities by applying the balance-sheet-debt method.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws.

At the balance sheet date, the Company assesses the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

**18. Uncertainty of significant accounting estimates**

The following are other major sources of uncertainty of key assumptions and estimates of future events at the balance sheet date, and such uncertainty may cause significant adjustment to the carrying amounts of assets and liabilities in the next accounting year.

## (1) Impairment provision of receivables

The Company provides for doubtful debts on the basis of recoverability of receivables. When any indication exists that receivables are not recoverable, provision for doubtful debts is required. Provision for doubtful debts requires professional judgment and estimation. Differences between the result of re-estimate and existing estimate may influence the carrying amount of receivables in the period the estimates change.

## (2) Useful life and residual value of fixed assets

The Company estimates useful life and residual value of fixed assets on the basis of past experience with actual useful life and residual value of similar fixed assets. If the useful life of such fixed assets shortens, the Company increases their depreciation rate or disposes of obsolete/idle fixed assets.

## (3) Income tax and deferred tax assets

Since certain issues relating to the enterprise income tax are not confirmed by the tax authority when the income tax is accrued, the Company follows existing tax laws and regulations to achieve reliable estimate and judgment for accrued income tax. Differences between the conclusion made by tax authority and the amount recognized by the Company will influence the income tax of the current period.

Deferred tax assets include asset impairment provision, deductible losses, warranty provision, and temporary difference between the carrying amount and tax base of expense relating to early retirement. All tax losses that are not deducted yet are recognized as deferred tax assets to the extent that it is probable that there is sufficient taxable profit to deduct the losses. Realization of deferred tax assets relies largely on the future taxable profit and the actual tax rate of the year in which temporary differences are reversed. Therefore, management is required to apply judgment to estimate the time and amount of future taxable profit, and together with tax planning, to decide the amount of deferred tax assets.

## (4) Liability of early retirement benefits

The Company has recognized part of early retirement benefits as a liability. The amount of such benefits/liability are calculated and paid on the basis of several assumptions, including discount rate, benefit increase rate of relevant period, and other factors. Differences between the actual amount and the assumption are recognized as expense for the current year. Although management believes such assumptions are reasonable, past experience the Company relies on and changes of assumption premise will influence balances of expenses and liabilities relating to the Company retirement benefits.

**V. Changes in accounting policies and accounting estimates, corrections of errors, and adjustment of other events**

## 1. Changes in accounting policies

None

## 2. Changes in accounting estimates

None

## 3. Corrections of prior period errors and adjustment of other events

None

**VI. Taxes**

## 1. Value added tax

The Company calculates and pays value added tax on the basis of the added value of sold goods or rendered services using the tax rate of 6%.

## 2. Business tax

The Company calculates and pays business tax on the basis of the taxable revenue using the tax rate of 5%. Started in 2012, pays value added tax on the basis of the added value of sold goods or rendered services using the tax rate of 6%.

## 3. Urban maintenance and construction tax and education surtax

The Company calculates and pays urban maintenance and construction tax on the basis of paid turnover tax using the tax rate of 1%.

The Company calculates and pays education surtax on the basis of paid turnover tax using the tax rate of 3%.

The Company calculates and pays local education surtax on the basis of paid turnover tax using the tax rate of 2%.

The Company calculates and pays river management fee on the basis of paid turnover tax using the tax rate of 1%.

## 4. Enterprise income tax

The Company pays enterprise income tax on the basis of the taxable income using the tax rate of 25%.

**VII. Notes to major items of the financial statements**

Unless otherwise stated in the following notes, the currency of amounts is Indian Rupee, period beginning refers to January 1, 2015, period end refers to December 31, 2015, the prior period refers to year 2014, and the current period refers to year 2015.

## 1. Monetary funds

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
Cash .....	35,510.50	363,627.52	17,310.31	177,257.57
Bank balances .....	22,306,863.14	228,422,278.55	35,930,236.36	367,925,620.33
Total .....	22,342,373.64	228,785,906.07	35,947,546.67	368,102,877.90

## 2. Accounts receivable

Category	31 December 2015			31 December 2014		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
Account receivable for which doubtful debt provision is made using individual identification method .....	22,587.13	231,292.21	–	2,590,656.57	26,528,323.27	–
Account receivable for which doubtful debt provision is made using collective identification (ageing analysis) method .....	–	–	–	–	–	–
Total .....	22,587.13	231,292.21	–	2,590,656.57	26,528,323.27	–

Account receivable for which doubtful debt provision is made using individual identification method:

Item	31 December 2015			31 December 2014		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
0-1 year .....	22,587.13	231,292.21	–	2,590,656.57	26,528,323.27	–
Total .....	22,587.13	231,292.21	–	2,590,656.57	26,528,323.27	–

## 3. Other receivables

Category	31 December 2015			31 December 2014		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
Other receivables for which doubtful debt provision is made using individual identification method .....	1,213,009.56	12,421,217.90	–	744,951.41	7,628,302.44	–
Other receivables for which doubtful debt provision is made using collective identification (ageing analysis) method .....	–	–	–	–	–	–
Total .....	1,213,009.56	12,421,217.90	–	744,951.41	7,628,302.44	–

Other receivables for which doubtful debt provision is made using individual identification method:

Item	31 December 2015			31 December 2014		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
0-1 year .....	986,932.55	10,106,189.32	–	705,451.41	7,223,822.44	–
1-2 year(s) .....	199,077.01	2,038,548.58	–	39,500.00	404,480.00	–
2-3 year(s) .....	27,000.00	276,480.00	–	–	–	–
Total .....	1,213,009.56	12,421,217.90	–	744,951.41	7,628,302.44	–

## 4. Fixed assets

Item	31 December 2014		Increase in current year		Decrease in current year		31 December 2015	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
I. The total of the original price...	571,742.03	5,854,638.39	11,758.12	120,403.15	7,002.00	71,700.48	576,498.15	5,903,341.06
Including: office equipment ..	200,369.03	2,051,778.87	11,758.12	120,403.15	7,002.00	71,700.48	205,125.15	2,100,481.54
Transport equipment .....	371,373.00	3,802,859.52	-	-	-	-	371,373.00	3,802,859.52
II. The total of the accumulated depreciation .....	167,385.16	1,714,024.04	102,369.26	1,048,261.22	6,301.80	64,530.43	263,452.62	2,697,754.83
Including: office equipment ..	100,537.96	1,029,508.71	35,522.06	363,745.89	6,301.80	64,530.43	129,758.22	1,328,724.17
Transport equipment .....	66,847.20	684,515.33	66,847.20	684,515.33	-	-	133,694.40	1,369,030.66
III. The total of the accumulated provision for impairment .....	-	-	-	-	-	-	-	-
Including: office equipment ..	-	-	-	-	-	-	-	-
Transport equipment .....	-	-	-	-	-	-	-	-
IV. The total of the carrying amount .....	404,356.87	4,140,614.35	-90,611.14	-927,858.07	700.20	7,170.05	313,045.53	3,205,586.23
Including: office equipment ..	99,831.07	1,022,270.16	-23,763.94	-243,342.74	700.20	7,170.05	75,366.93	771,757.37
Transport equipment .....	304,525.80	3,118,344.19	-66,847.20	-684,515.33	-	-	237,678.60	2,433,828.86

## 5. Accounts payable

Ageing	31 December 2015			31 December 2014		
	RMB	INR	Percentage (%)	RMB	INR	Percentage (%)
0-1 year (including 1 year) .....	-	-	-	-	-	-
Over 3 years .....	92,636.23	948,595.00	100.00	92,636.23	948,595.00	100.00
Total .....	92,636.23	948,595.00	100.00	92,636.23	948,595.00	100.00

## 6. Employee benefits

Item	31 December 2014		Increase in current year		Amount paid in current year		31 December 2015	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
I. Salary, bonus, allowance and compensation .....	-	-	2,466,674.56	25,258,747.49	2,466,674.56	25,258,747.49	-	-
II. Employee benefit costs .....	-	-	-	-	-	-	-	-
III. Social insurance fees .....	-	-	-	-	-	-	-	-
IV. Housing funds .....	-	-	-	-	-	-	-	-
V. Union running costs and employee education costs .....	-	-	-	-	-	-	-	-
VI. Non-monetary benefits .....	-	-	-	-	-	-	-	-
VII. Termination benefits and early retirement compensation .....	-	-	-	-	-	-	-	-
Including: Compensation for terminating the employment relationship .....	-	-	-	-	-	-	-	-
Estimated expense paid for early retired employees .....	-	-	-	-	-	-	-	-
VIII. Others .....	-	-	-	-	-	-	-	-
Including: cash-settled share-based payment .....	-	-	-	-	-	-	-	-
Total .....	-	-	2,466,674.56	25,258,747.49	2,466,674.56	25,258,747.49	-	-

## 7. Taxes payable

Item	31 December 2014		Increase in current year		Amount paid in current year		31 December 2015	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
Value added tax.....	-	-	-	-	-	-	-	-
Business tax.....	22.05	225.79	221.88	2,272.05	243.93	2,497.84	-	-
Enterprise income tax.....	-	-	59,799.05	612,342.27	59,799.05	612,342.27	-	-
Urban maintenance and construction tax .....	0.22	2.25	2.11	21.61	2.33	23.86	-	-
Individual income tax.....	2,430.00	24,883.20	51,884.00	531,292.16	49,043.50	502,205.44	5,270.50	53,969.92
River management fee .....	0.22	2.25	2.22	22.73	2.44	24.99	-	-
Education surtax.....	0.66	6.76	6.66	68.20	7.32	74.96	-	-
Local education surtax .....	0.44	4.51	4.44	45.47	4.88	49.97	-	-
Total .....	2,453.59	25,124.76	111,920.36	1,146,064.49	109,103.45	1,117,219.33	5,270.50	53,969.92

## 8. Other payables

## (1) Detail of other payables

Ageing	31 December 2015			31 December 2014		
	RMB	INR	Percentage (%)	RMB	INR	Percentage (%)
0-1 year (including one year).....	2,884,033.07	29,532,498.64	97.43	4,596,076.77	47,063,826.12	98.42
1-2 year .....	2,000.00	20,480.00	0.07	-	-	-
2-3 year .....	74,000.00	757,760.00	2.50	74,000.00	757,760.00	1.58
Total .....	2,960,033.07	30,310,738.64	100.00	4,670,076.77	47,821,586.12	100.00

## (2) Other payables which are individually significant

Name of creditor	31 December 2015		Nature
	RMB	INR	
Guangzhou Che Wang XinxiJishu Co.,Ltd.	194,174.60	1,988,347.90	Current Account
Shanghai lwwei zhanlan ltd..	549,289.40	5,624,723.46	Current Account
Pangda Ssangyong (Beijing) Company	1,787,211.36	18,301,044.33	Current Account

## 9. Dividends payable

Item	31 December 2014		Increase in current year		Decrease in current year		31 December 2015	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
Ssangyong Motor Company	-	-	2,624,752.17	26,877,462.22	131,237.61	1,343,873.13	2,493,514.56	25,533,589.09

## 10. Paid-in capital

Name investor	31 December 2014			Increase in current year		Decrease in current year		31 December 2015		
	Amount of investment		Percentage (%)	RMB	INR	RMB	INR	Amount of investment		Percentage (%)
	RMB	INR						RMB	INR	
Ssangyong Motor Company .....	30,000,000.00	307,200,000.00	100.00	-	-	-	-	30,000,000.00	307,200,000.00	100.00
Total .....	30,000,000.00	307,200,000.00	100.00	-	-	-	-	30,000,000.00	307,200,000.00	100.00

## 11. Capital reserve

Item	31 December 2014		Increase in current year		Decrease in current year		31 December 2015	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
The capital premium.....	184,216.66	1,886,378.60	-	-	-	-	184,216.66	1,886,378.60
Total .....	184,216.66	1,886,378.60	-	-	-	-	184,216.66	1,886,378.60

## 12. Surplus reserve

Item	31 December 2014		Increase in current year		Decrease in current year		31 December 2015	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
Statutory surplus reserve ...	1,858,072.13	19,026,658.61	-	-	-	-	1,858,072.13	19,026,658.61
Discretionary surplus reserve.....	189,254.92	1,937,970.38	-	-	-	-	189,254.92	1,937,970.38
Total .....	2,047,327.05	20,964,628.99	-	-	-	-	2,047,327.05	20,964,628.99

**13. Unappropriated profits**

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
Closing Balance of previous year .....	2,690,801.22	27,553,804.49	4,567,074.80	46,766,845.95
Add: changes in accounting policies .....	-	-	-	-
Corrections of prior period errors .....	-	-	-	-
Opening Balance of current year .....	2,690,801.22	27,553,804.49	4,567,074.80	46,766,845.95
Increase of current year .....	-13,898,232.21	-142,317,897.83	2,982,834.69	30,544,227.23
Including: net profit of current year .....	-13,898,232.21	-142,317,897.83	2,982,834.69	30,544,227.23
Other adjustments .....	-	-	-105,157.55	-1,076,813.31
Decrease of current year .....	2,684,551.22	27,489,804.49	4,753,950.72	48,680,455.36
Including: Withdrawal of surplus reserve .....	-	-	298,283.47	3,054,422.72
Withdrawal of common risks reserve .....	-	-	-	-
Distribution of cash dividends .....	2,684,551.22	27,489,804.49	4,455,667.25	45,626,032.64
Closing Balance of current year .....	-13,891,982.21	-142,253,897.83	2,690,801.22	27,553,804.49

**14. Operating income**

Item	31 December 2015				31 December 2014			
	RMB		INR		RMB		INR	
	Income	Cost	Income	Cost	Income	Cost	Income	Cost
Income From major operations .....	7,075,407.60	-	72,452,173.82	-	38,060,373.06	-	389,738,220.13	-
Income From other operations .....	4,437.65	-	45,441.54	-	40,842.87	-	418,230.99	-
Total .....	7,079,845.25	-	72,497,615.36	-	38,101,215.93	-	390,156,451.12	-

**15. Finance expense**

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
Interest expense .....	-	-	-	-
Less: interest income .....	719,363.01	7,366,277.22	744,325.77	7,621,895.88
Loss from foreign exchange .....	-57,997.29	-593,892.25	-45,384.16	-464,733.80
Fees .....	5,115.97	52,387.53	5,110.78	52,334.38
Total .....	-772,244.33	-7,907,781.94	-784,599.15	-8,034,295.30

**16. Non-operating income**

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
Government grants .....	210,000.00	2,150,400.00	125,000.00	1,280,000.00
Employee compensation .....	12,795.74	131,028.38	-	-
The disposal of assets income .....	-	-	9,822.65	100,583.94
Income tax fee income .....	5,028.44	51,491.23	5,233.31	53,589.09
Tax-exempt income .....	0.33	3.37	-	-
Total .....	227,824.51	2,332,922.98	140,055.96	1,434,173.03

**17. Non-operating expense**

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
Loss on disposal of assets .....	700.20	7,170.05	7,823.25	80,110.08
Total .....	700.20	7,170.05	7,823.25	80,110.08

**18. Income tax expense**

(1) Composition of income tax expense (income), including current income tax and deferred income tax:

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
Current income tax expense calculated according to tax laws .....	-	-	1,011,981.54	10,362,690.97
Adjustment of deferred income tax .....	-	-	-	-
<b>Total .....</b>	<b>-</b>	<b>-</b>	<b>1,011,981.54</b>	<b>10,362,690.97</b>

(2) Relationship between income tax expense (income) and accounting profit

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
Total profit .....	-13,898,232.21	-142,317,897.83	3,994,816.23	40,906,918.20
Adjustment of taxable profit .....	7,940,735.76	81,313,134.18	292,306.14	2,993,214.87
Make up for the losses of the previous year .....	-	-	-	-
Tax rate .....	25%	25%	25%	25%
Current income tax expense .....	-	-	1,071,780.59	10,975,033.24

**19. Notes to the cash flow statement**

(1) Reconciliation of net profits to the cash flow from operating activities

Item	31 December 2015	
	RMB	INR
1. Reconciliation of net profits to the cash flow from operating activities: .....	-	-
Net profits .....	-13,898,232.21	-142,317,897.83
Add: Provision for assets impairment .....	-	-
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets .....	102,369.26	1,048,261.22
Amortization of intangible assets .....	-	-
Amortization of long-term deferred expenses .....	-	-
Losses due to disposal of fixed assets, intangible assets and other long-term assets (Income shall be presented with the mark of "-") .....	700.20	7,170.05
Losses due to retirement of fixed assets (Income shall be presented with the mark of "-") .....	-	-
Losses due to changes in fair value (Income shall be presented with the mark of "-") .....	-	-
Finance expenses (Income shall be presented with the mark of "-") .....	-772,244.33	-7,907,781.94
Losses from investment (Income shall be presented with the mark of "-") .....	-	-
Decrease in deferred tax assets (Increase shall be presented with the mark of "-") .....	-	-
Increase in deferred tax liabilities (Decrease shall be presented with the mark of "-") .....	-	-
Decrease in inventories (Increase shall be presented with the mark of "-") .....	-	-
Decrease in operating receivables (Increase shall be presented with the mark of "-") .....	2,100,011.29	21,504,115.61
Increase in operating payables (Decrease shall be presented with the mark of "-") .....	-1,710,043.70	-17,510,847.49
Others .....	657,264.90	6,730,392.58
<b>Net Cash Flow from Operating Activities .....</b>	<b>-13,520,174.59</b>	<b>-138,446,587.80</b>
2. Significant investing and financing activities not involving cash receipts or payments: .....	-	-
Debt transferred to capital .....	-	-
Convertible corporate bonds due within one year .....	-	-
Leased fixed assets under finance lease .....	-	-
3. Net changes in cash and cash equivalents: .....	-	-
Closing balance of cash .....	22,342,373.64	228,785,906.07
Less: Opening balance of cash .....	35,947,546.67	368,102,877.90
Add: Closing balance of cash equivalents .....	-	-
Less: Opening balance of cash equivalents .....	-	-
<b>Net Increase in Cash and Cash Equivalents .....</b>	<b>-13,605,173.03</b>	<b>-139,316,971.83</b>

## (2) Cash and cash equivalents

Item	31 December 2015		31 December 2014	
	RMB	INR	RMB	INR
I. Cash .....	22,342,373.64	228,785,906.07	35,947,546.67	368,102,877.90
Including: Cash on hand .....	35,510.50	363,627.52	17,310.31	177,257.57
Bank deposits that can be readily withdrawn on demand .....	22,306,863.14	228,422,278.55	35,930,236.36	367,925,620.33
Other monetary funds that can be readily withdrawn on demand .....	-	-	-	-
II. Cash equivalents .....	-	-	-	-
Including: Bond investment with a maturity of three months or less .....	-	-	-	-
III. Closing balance of cash and cash equivalents .....	22,342,373.64	228,785,906.07	35,947,546.67	368,102,877.90
Including: Cash and cash equivalents of the parent or subsidiaries within the group with restricted usage .....	-	-	-	-

**VIII. Contingent events**

As of December 31, 2015, the Company has no significant contingent events which require disclosure.

**IX. Non-adjusting events after the balance sheet date**

The Company has no non-adjusting events after the balance sheet date which require disclosure.

**X. Related Party and Related-Party Transactions**

## (1) Profile of the Parent

Name of the Parent	Nature	Domicile
Ssangyong Motor Company	Foreign enterprise	Gyeonggi Province, South Korea

## (2) Registered Capital of the Parent and Change of the Registered Capital

Parent	31 December 2014	Increase in current year	Decrease in current year	31 December 2015
	KRW	KRW	KRW	KRW
Ssangyong Motor Company	686,100,480,000.00	-	-	686,100,480,000.00

## (3) Parent's proportion of ownership interest in the Company and change of the proportion

31 December 2014			Increase in current year			Decrease in current year		31 December 2015		
RMB	INR	Percentage (%)	RMB	INR	Percentage (%)	RMB	Percentage (%)	RMB	INR	Percentage (%)
30,000,000.00	307,200,000.00	100.00	-	-	-	-	-	30,000,000.00	307,200,000.00	100.00

## (4) Related-Party Transactions

None.

**XI. Other Significant Events**

None.

**XII. Use the government subsidy funds**

Audited, Ssangyong Motor (Shanghai) Co., Ltd. received the 2015 annual government grant income the amount of 215,028.44RMB (2,201,891.23INR), have been paid according to the application project, and has been paid according to end the use of.

## XIII. The financial contribution of data table

Tax category	The amount of tax payable		Assessed tax		Withholding tax		To replace business tax with value-added tax(VAT) has a tax rebate		Tax increase subsidies	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR
Enterprise income tax	59,799.05	612,342.27	-	-	131,237.61	1,241,473.13	-	-	-	-
Value added tax	-	-	-	-	-	-	-	-	-	-
Including: Jizhengjitui meetings and services (to replace business tax with value-added tax(VAT))	-	-	-	-	-	-	-	-	-	-
Including: general goods and services	-	-	-	-	-	-	-	-	-	-
Business Tax	221.88	2,272.05	-	-	-	-	-	-	-	-
Individual income tax	51,884.00	531,292.16	-	-	-	-	-	-	-	-
Real estate tax	-	-	-	-	-	-	-	-	-	-
Travel tax	-	-	-	-	-	-	-	-	-	-
The stamp tax	9,854.00	100,904.96	-	-	-	-	-	-	-	-
Urban land use tax	-	-	-	-	-	-	-	-	-	-
Land value-added tax	-	-	-	-	-	-	-	-	-	-
Total	121,758.93	1,246,811.44	-	-	131,237.61	1,241,473.13	-	-	-	-

## XIV. Approval of financial statements

The financial statements were approved at the General Manager conference of the Company on January 14, 2016.

Ssangyong Motor (Shanghai) Co., Ltd

January 14, 2016



**ADJUSTMENT TABLE OF TAXABLE PROFIT 2015**

<b>Ssangyong Motor (Shanghai) Co., Ltd</b>					
<b>Sequence</b>	<b>Item</b>	<b>RMB</b>		<b>INR</b>	
<b>I.</b>	Profit before tax adjustment	-13,898,232.21		-142,317,897.83	
	Adjusting item	Increase for tax adjustment	Decrease for tax adjustment	Increase for tax adjustment	Decrease for tax adjustment
	1. Entertainment expenses	13,594.12	-	139,203.79	-
	2. No valid invoice	1,269,859.27	260,000.00	13,003,358.92	2,662,400.00
	3. Development expenses	6,917,282.37	-	70,832,971.47	-
<b>II.</b>					
	<b>Subtotal</b>	<b>8,200,735.76</b>	<b>260,000.00</b>	<b>83,975,534.18</b>	<b>2,662,400.00</b>
<b>III.</b>	<b>Taxable profit after adjustment</b>	<b>-5,957,496.45</b>		<b>-61,004,763.65</b>	

Description:

1. This table adjusts the tax affairs item on the financial audit, only criticizes the reference as the tax affairs.

Shanghai Changhao Certified Public Accountants

## DIRECTORS' REPORT

### Company Overview

SYAC, with its headquarters located in Pyeongtaek, was established by SYMC and KB Capital in October 2015 with a capital investment of 20 billion won for a share ownership of 51% and 49% respectively. It is a captive finance company providing financing to customers of Ssangyong Motor Company for installment purchases of new vehicles. The company employed 41 people including two executives as of December 2015.

SYAC started operations in January of 2016 and conducts businesses in the area of facility leasing and installment financing under the Specialized Credit Financial Business Act.

### Operation Overview & Financial Status

SYAC posted an operating loss of 0.65 billion won and a net loss of 0.65 billion won in 2015. As of end of 2015, the company's assets were 19.6 billion won, total liability 0.26 billion won, and equity 19.3 billion won, which is the amount after deducting the net loss from the capital of 20 billion won.

In 2015, the company incurred a loss as expenses occurred in the process of preparing for the start of operations such as personnel expenses.

### Future Business Plan

SYAC's target for 2016 is to secure a market share of 52.5% in SYMC's sales using financial services and to realize sales of 729.8 billion won and a net profit of 0.25 billion won.

In 2016, the auto financing market is expected to show growing competition among the auto financing companies (HMC's captive finance company Hyundai Capital offering aggressive products amidst heated competition fueled by other financial companies) that may reduce profitability.

Nevertheless, SYAC will make an effort to expand its market share in Ssangyong's sales using financial services based on stable funding through its partnership with SYAC's majority shareholder SYMC and KB Capital, develop competitive installment financing products to meet customers' expectations and maximize our shareholders' profits.

As for Q1 2016 performance, the company posted a market share of 60.5% (115% of business plan) and recorded a financial sales of 162.2 billion won and a net profit of 0.7 billion won. It recovered the loss of 0.65 billion won of 2015 and escaped from the state of capital erosion increasing its profit size month-over-month.

As 2016 is the first year of SYAC's operations, the company will internally build the basis for profit generation and increase its managing capacities. Externally, SYAC will focus on stabilizing its presence in the new car installment financing market with the goal of becoming a major financial company.

### Corporate Governance

#### Board of Directors (as of Mar. 31, 2016)

– Composition of the BOD

Name	BOD	Status	Remarks
Young-han Song	Chairman (Director)	Non-standing	SYMC
Jin-soo Park	Director (CEO)	Standing	SYAC CEO
Vasudev Tumble	Director	Non-standing	SYMC
Byung-ho Nam	Director	Non-standing	KB Capital
Soo-nam Hwang	Director	Non-standing	KB Capital

### Annual Shareholders' Meeting

Classification	2016	Remarks
Date & Time	Mar 18, 2016 10:00 AM	
Special Resolutions	Approval of Regulations Governing the Retirement Benefit for Executives	
Location	124, Teheran-ro, Gangnam-gu, Seoul, Main Conference Room, SY Auto Capital	

For and on behalf of the Board

**Young-han Song**  
Chairman

Pyeongtaek, South Korea, 23<sup>rd</sup> March, 2016

## INDEPENDENT AUDITOR'S REPORT

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of  
SY Auto Capital Co., Ltd.

We have audited the accompanying financial statements of SY Auto Capital (the Company), which comprise the statement of financial position as of December 31, 2015 and the statement of comprehensive income, changes in equity and cash flows for the period from October 28, 2015 to December 31, 2015 and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SY Auto Capital as of December 31, 2015 and its financial performance and cash flows for the period from October 28, 2015 to December 31, 2015 in accordance with Korean IFRS.

### Emphasis

Without qualifying our opinion, we draw attention to Note 1 to these financial statements. As discussed in Note 1, the company is a new company which was established and registered on October 28, 2015. The initial paid – in capital amounted to 20,000 million Korean won.

### Other Matters

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

**Samil PricewaterhouseCoopers,**  
92 Hangang-daero, Yonsna-gu,  
Seoul 04386, Korea, www.samil.com

**Seoul, Korea**

March 8, 2016

This report is effective as of March 8, 2016, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2015**

	<b>Notes</b>	<b>2015</b> (In Korean won)	<b>2015</b> (In Indian rupee)
<b>Assets</b>			
Cash and due from financial institutions.....	5,6,7	16,846,140,206	957,703,071
Property and equipment .....	8	405,077,241	23,028,641
Other financial assets.....	5,6,9	2,333,803,891	132,676,751
Other assets		23,693,791	1,346,992
<b>Total assets</b>		<b>19,608,715,129</b>	<b>1,114,755,455</b>
<b>Liabilities</b>			
Other financial liabilities .....	5,6,11	90,320,015	5,134,693
Other liabilities .....	11	148,513,030	8,442,966
Provisions .....	12	20,513,915	1,166,216
<b>Total liabilities</b> .....		<b>259,346,960</b>	<b>14,743,875</b>
<b>Equity</b>			
Capital stock.....	19	20,000,000,000	1,137,000,000
Accumulated Deficit .....	19	(650,631,831)	(36,988,420)
<b>Total equity</b> .....		<b>19,349,368,169</b>	<b>1,100,011,580</b>
<b>Total liabilities and equity</b> .....		<b>19,608,715,129</b>	<b>1,114,755,455</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM OCTOBER 28, 2015 TO  
DECEMBER 31, 2015**

	<b>Notes</b>	<b>2015</b> (In Korean won)	<b>2015</b> (In Indian rupee)
Interest income .....	5,14	42,256,374	2,402,275
<b>Operating profit</b> .....		<b>42,256,374</b>	<b>2,402,275</b>
Selling and administrative expenses .....	15	(692,798,717)	(39,385,607)
<b>Operating expense</b> .....		<b>(692,798,717)</b>	<b>(39,385,607)</b>
<b>Operating loss</b> .....		(650,542,343)	(36,983,332)
Non-operating expense .....	16	(89,488)	(5,087)
<b>Non-operating loss</b> .....		<b>(89,488)</b>	<b>(5,087)</b>
<b>Loss before income tax expense</b> .....		(650,631,831)	(36,988,420)
Income tax expense .....	10	-	-
<b>Loss for the period</b> .....		<b>(650,631,831)</b>	<b>(36,988,420)</b>

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM OCTOBER 28, 2015 TO DECEMBER 31, 2015

(In Korean won)	<u>Capital Stock</u>	<u>Accumulated Deficits</u>	<u>Total Equity</u>
<b>Balance as of October 28, 2015</b> .....	-	-	-
Capital contribution .....	20,000,000,000	-	20,000,000,000
Net loss.....	-	(650,631,831)	(650,631,831)
<b>Balance as of December 31, 2015</b> .....	<u>20,000,000,000</u>	<u>(650,631,831)</u>	<u>19,349,368,169</u>

(In Inidan rupee)	<u>Capital Stock</u>	<u>Accumulated Deficits</u>	<u>Total Equity</u>
<b>Balance as of October 28, 2015</b> .....	-	-	-
Capital contribution .....	1,137,000,000	-	1,137,000,000
Net loss.....	-	(36,988,420)	(36,988,420)
<b>Balance as of December 31, 2015</b> .....	<u>1,137,000,000</u>	<u>(36,988,420)</u>	<u>1,100,011,580</u>

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE PERIOD FROM OCTOBER 28, 2015 TO DECEMBER 31, 2015

	2015	2015
Notes	(In Korean won)	(In Indian rupee)
<b>Cash flows from operating activities</b>		
Net loss	<b>(650,631,831)</b>	<b>(36,988,420)</b>
Adjustment for non-cash items		
Depreciation .....	13,773,246	783,009
Interest income.....	(42,256,374)	(2,402,275)
Provision for asset retirement obligation .....	89,488	5,087
	<b>(28,393,640)</b>	<b>(1,614,178)</b>
Changes in operating assets and liabilities		
Increase in prepaid Taxes.....	(3,678,230)	(209,107)
Increase in advances .....	(2,135,540,000)	(121,405,449)
Decrease in prepaid expenses.....	1,582,454	89,963
Increase in other payables .....	160,561,013	9,127,894
Increase in accrued expenses.....	68,334,572	3,884,820
Increase in withholdings .....	9,937,460	564,945
	<b>(1,898,802,731)</b>	<b>(107,946,935)</b>
Interest received .....	40,094,468	2,279,371
<b>Net cash used in operating activities .....</b>	<b>(2,537,733,734)</b>	<b>(144,270,163)</b>
<b>Cash flows from investing activities</b>		
Acquisition of leasehold and improvement.....	(163,541,180)	(9,297,316)
Acquisition of equipment .....	(234,884,880)	(13,353,205)
Increase in guarantee deposits .....	(217,700,000)	(12,376,245)
<b>Net cash used in investing activities .....</b>	<b>(616,126,060)</b>	<b>(35,026,767)</b>
<b>Cash flows from financing activities</b>		
Capital contribution .....	20,000,000,000	1,137,000,000
<b>Net cash provided by financing activities .....</b>	<b>20,000,000,000</b>	<b>1,137,000,000</b>
<b>Net increase in cash and cash equivalents .....</b>	<b>16,846,140,206</b>	<b>957,703,071</b>
<b>Cash and cash equivalents at the beginning of period .....</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at the end of period .....</b>	<b>16,846,140,206</b>	<b>957,703,071</b>

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

### 1. The Company

SY Auto Capital Co, Ltd. (the "Company") was established in October 28, 2015, and was registered in Financial Services Commission under the Specialized Credit Financial Business Act on December 8, 2015. The Company engages in facility lease and installment financing business. As of December 31, 2015, the Company's paid-in capital amounted to W 20,000 million. The main office is located in 455-12 Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea.

The shareholders of the company as of December 31, 2015, are as follows:

	Shares	Ownership(%)
Ssangyong Motor Co., Ltd.	2,040,000	51.00%
KB Capital Co., Ltd.	1,960,000	49.00%
	<u>4,000,000</u>	<u>100.00%</u>

### 2. Significant Accounting Policies

The significant accounting policies applied in the preparation of Financial Statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

#### 2.1. Basis of Preparation

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS" hereafter). These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Indian rupee amounts presented in these financial statements were computed by translating the Korean Won into Indian rupees based on the Bank of Korea Basic Rate (W1 to Rs. 0.05685 at 31<sup>st</sup> December, 2015), solely for the convenience of the reader. These convenience translations into Indian rupees should not be constructed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

#### 2.2. Changes in Accounting Policies and Disclosure

##### (a) New standards and interpretations not yet adopted

New standards and amendments issued but not effective for the financial year beginning January 1, 2015, and not early adopted are enumerated below. The Company expects that these standards and amendments would not have a material impact on its financial statements.

- Korean IFRS 1001, *Presentation of Financial Statements*
- Korean IFRS 1016, Property, plant and equipment, and Korean IFRS 1041, *Agriculture, Forestry and Fishery: Productive plants*
- Korean IFRS 1016, Property, plant and equipment, and Korean IFRS 1038, *Intangible assets: Depreciation and Amortization based on revenue*
- Korean IFRS 1110, *Consolidated Financial Statements*, and Korean IFRS 1112, *Disclosures of Interests in Other Entities: Exemption for consolidation of investee*
- Korean IFRS 1111, *Joint Agreements*
- Annual Improvements to Korean IFRS 2012-2014 Cycle

### 2.3. Foreign Currency Translation

#### (a) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Korean won, which is the Company's functional and presentation currency.

#### (b) Transactions and Balances

Foreign currency transactions are recognized by the functional currency with the exchange rate on the date of transactions or the rate on the valuation date in case of revaluation. Foreign exchange gains and losses resulting from the settlement of such transactions or from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in net income.

### 2.4. Financial Assets

#### (a) Recognition and Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity financial assets. Regular purchases and sales of financial assets are recognized on trade date.

At initial recognition, the financial assets are measured by their fair value. Except the financial assets at fair value through profit or loss, acquisition expenses are added to the fair value. The acquisition expenses of the financial assets at fair value through profit and loss are expensed on the period. After the initial recognition, subsequent fair value measurements are made over available-for-sales financial assets and those at fair value through profit or loss. Loans and receivables and held-to-maturity financial assets are recognized at acquisition cost less amortization using effective interest method.

The change in fair value of the financial assets at fair value through profit or loss is included in net income. Regarding available-for-sales financial assets, it is counted up on other comprehensive income then reclassified for net income once impaired or disposed.

#### (b) Impairment

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment of loans and receivables is presented as a deduction in an allowance account. Impairment of other financial assets is directly deducted from their carrying amount. The Company writes off financial assets when the assets are determined to be no longer recoverable.

The objective evidence of the impairments includes significant financial difficulty of the issuer or obligor and more than six-month overdue of principal or interest payment. In case of the available-for sales items, more than 30% decrease in fair values against their acquisition costs or fair value declination for more than six months in a row are considered as the objective evidence of impairment.

#### (c) Derecognition

If the Company transfers the contractual rights to receive the cash flows of the financial asset, but retains substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognize the whole transferred asset and recognize a financial liability for the consideration received.



## (d) Offsetting

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right to offset is not contingent upon subsequent events and is enforceable under any circumstances – under regular business, default or bankruptcy.

**2.5. Property and Equipment**

Property and equipment is presented in the cost less accumulated depreciation and accumulated impairment losses. The historical cost includes expenditure directly related to the acquisition of the property. Land is not depreciated whereas other property and equipment are depreciated using the straight-line method for their estimated useful lives. The depreciable amounts of the assets are acquisition costs less residual values.

The estimated useful lives of the assets are as follows:

	Estimated useful lives
Leasehold and improvement	5 years
Equipment	5 years

The residual value, the useful life and the depreciation method applied to an asset are reviewed at the end of each reporting period and, if expectations differ from previous estimates or if there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the changes are accounted for as a change in an accounting estimate.

**2.6. Financial Liabilities**

## (a) Classification and measurement

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities incurred principally for the purpose of repurchasing in near term is considered as the financial liabilities held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'other financial liabilities' in the statement of financial position.

## (b) Derecognition

Financial liabilities are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

**2.7. Provisions**

Provisions are measured at present value of expenditure that is expected to be spent to execute contracts. Increase of the provisions by the time value are recognized as interest expense.

**2.8. Current and Deferred Tax**

The tax expense for the period consists of current and deferred tax. Tax is recognized on the profit for the period in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates tax policies that are applied in tax returns in which applicable tax regulation is subject to interpretation. The Company recognizes current income tax on the basis of the amount expected to be paid to the tax authorities.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

**2.9. Revenue recognition**

Revenue is recognized when the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the Company, and when the following requirements categorized by the Company level activity are fulfilled. Estimation is made based on the past information gathered such as the type of customer, transaction and individual trade requirement.

## (a) Interest income and expense

Interest income and expenses are recognized using the effective interest method. Effective interest method is a method of calculating the amortized cost of a financial asset (or group of financial assets) and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the Company uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Interest on impaired financial assets (or group of financial assets) is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

## (b) Commission income

Financial service fees are recognized in accordance with the accounting standard of the financial instrument related to the fees earned, as the followings.

– Fees that are an integral part of the effective interest of a financial instrument

Those fees are generally treated as adjustments of effective interest. Such commissions may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents and closing the transaction. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

– Fees earned as services are provided

Those fees are recognized as revenue as the services are provided.

(c) Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established. Dividend income is recognized in statement of comprehensive income as a part of operating income.

**2.10. Approval of Issuance of the Financial Statements**

The issuance of the December 31, 2015 financial statements of the Company was approved by the Board of Directors on February 5, 2016, which is subject to change with approval of shareholders at the annual shareholders' meeting.

**3. Significant Accounting Estimates and Assumptions**

The preparation of financial statement requires certain accounting estimates and assumptions. Assumptions and estimates are assessed regularly given the future events reasonably foreseen by past experience and current situation. Management's estimates of outcomes may differ from actual outcomes.

(a) Income taxes

The Company recorded, based on its best estimate, current taxes and deferred taxes that the Company will be liable in the future. However, the final tax outcome in the future maybe different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Fair value of financial instruments

In principles, fair values of financial instruments that does not have active markets are determined by valuation models. The Company choose an appropriate model and evaluate used assumptions at the end of each reporting period.

**4. Financial Risk Management**

**4.1 Financial Risk Factors**

The Company is exposed to a variety of financial risks due to various activities: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the fluctuation of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out under policies approved by the board of directors. The board reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**4.2. Credit risk**

(a) General information

Credit risk is the risk of possible loss to portfolio due to counterparty's default and breach of covenant. The Company is currently operating the risk management council regarding the credit risk related asset and transaction in order to manage the credit risk.

(b) Credit risk management

The Company reports credit risk related issues to the board of directors, and the risk management department performs management activities such as examining the credit risk.

(c) Maximum exposure to credit risk

The Company's maximum exposure of financial instrument to credit risk as of December 31, 2015, is as follows:

<i>(In thousands of won)</i>	<b>2015</b>
Cash and due from financial institutions	16,846,140
Other financial asset <sup>1</sup>	2,333,804
	<u><b>19,179,944</b></u>

1 Accrued revenue, Advanced payments, deposit are included.

**4.3. Liquidity risk**

(a) General information

Liquidity risk is the risk of insolvency or loss due to a disparity between the inflow and outflow of funds, or obtaining funds at a high price or disposing of securities at an unfavorable price due to lack of available funds. The Company manages its liquidity risk analysis of the contractual maturity of all financial assets, liabilities and off-balance item by maturity groups: less than one month between one month to three months, between three months to one year, between one year to five years and over five years.

(b) Analysis on liquidity risk of financial liabilities

Cash outflow regarding the financial liabilities that the Company needs to pay because of the expiration of the remaining contract is as the following. The reported amount is the principal and interest as stated in the contract, which is not discounted by the present value.

<i>(In thousands of won)</i>	<b>2015</b>					<b>Total</b>
	<b>Within 1 month</b>	<b>1-3 months</b>	<b>3 months - 1 year</b>	<b>1-5 years</b>	<b>More 5 years</b>	
Financial liabilities						
Other financial liabilities	90,320	-	-	-	-	90,320
	<u>90,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,320</u>

**4.4. Operational Risk**

The purpose of operational risk management is not only to comply with supervisory and regulatory requirements but also to promote a risk management culture, strengthen internal control, innovate processes and provide timely feedback to management and employees. The Company settled the job process based on the internal management regulation, set up and systemized the job manual. The Company periodically examines the risk management by performing risk management evaluation of each department.

**5. Financial Instruments by Category**

Categorizations of financial assets as of December 31, 2015, are as follows:

<i>(In thousands of won)</i>	<b>2015</b>
	<b>Loans and receivables</b>
Cash and due from financial institutions	16,846,140
Other financial assets	2,333,804
	<u>19,179,944</u>

Categorizations of financial liabilities as of December 31, 2015, are as follows:

<i>(In thousands of won)</i>	<b>2015</b>
	<b>Financial liabilities carried at amortized cost</b>
Other financial liabilities	90,320

Gain (loss) on financial assets (liabilities) for the period ended December 31, 2015, is as follows:

<i>(In thousands of won)</i>	<b>Interest income</b>	<b>Net income</b>
Cash and due from financial institutions	40,674	40,674
Other financial assets	1,582	1,582
Other financial liabilities	-	-
	<u>42,256</u>	<u>42,256</u>

## 6. Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best estimate of the fair value of financial instruments is the quoted price in the active market. The Company believes that the fair value and its measurement method of financial instruments is appropriate and reasonable, however, it may be changed under another measurement method or assumption. As various methods have been adopted to calculate fair value of financial instruments and a number of assumptions have been made, it is hard to reasonably compare the fair values of financial instruments measured by different financial institutions.

### (a) Financial instruments measured at amortized costs

The book value and the fair value of financial instruments measured at amortized cost as of December 31, 2015.

(In thousands of won)	2015	
	Book Value	Fair Value <sup>1</sup>
<b>Financial assets</b>		
Cash and due from financial institutions	16,846,140	16,846,140
Other financial assets	2,333,804	2,333,804
	<u>19,179,944</u>	<u>19,179,944</u>
<b>Financial liabilities</b>		
Other financial liabilities	90,320	90,320
	<u>90,320</u>	<u>90,320</u>

1 The book value was deemed to be the fair value as the difference was insignificant.

### (b) Fair value Hierarchy

The Company classifies and discloses fair value of the financial instruments into the following three-level hierarchy

	Contents
Level 1	The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	The fair values are based on unobservable inputs for asset or liability.

Meanwhile, there are no financial instruments which are recorded by fair value at the end of reporting period.

## 7. Cash and due from financial institutions

(In thousands of won)	2015
Cash and cash equivalents	<u>16,846,140</u>

## 8. Property and equipment

Property and equipment as of December 31, 2015, are as follows:

(In thousands of won)	2015		
	Acquisition costs	Accumulated depreciation	Book value
Leasehold and improvement	183,966	(7,022)	176,944
Equipment	234,885	(6,752)	228,133
	<u>418,851</u>	<u>(13,774)</u>	<u>405,077</u>

Changes in the property and equipment for the period ended December 31, 2015, are as follows:

(In thousands of won)	2015				Ending balance
	Beginning balance	Acquisition	Disposal	Depreciation	
Leasehold and improvement	-	183,966	-	(7,022)	176,944
Equipment	-	234,885	-	(6,752)	228,133
	<u>-</u>	<u>418,851</u>	<u>-</u>	<u>(13,774)</u>	<u>405,077</u>

## 9. Other financial asset and other asset

Other financial asset and other asset as of December 31, 2015, are as follows:

(In thousands of won)	2015		
	Financial asset	Non-financial asset	Total
Accrued revenue	580	-	580
Advanced payments	2,135,540	-	2,135,540
Prepaid expenses	-	20,016	20,016
Prepaid income taxes	-	3,678	3,678
Deposit	217,700	-	217,700
Present value discount	(20,016)	-	(20,016)
	<u>2,333,804</u>	<u>23,694</u>	<u>2,357,498</u>

## 10. Income tax expense

(a) There are no income tax expense for the period ended December 31, 2015.

(b) The temporary differences that are not recognized as a deferred tax asset or liability at the end of reporting period are as follows.

(In thousands of won)	2015
Prepaid expenses	(2,202)
Leasehold and improvement	(2,074)
<b>Deferred tax liabilities</b>	<u>(4,276)</u>
Accumulated Deficit	71,570
Present value discount of guarantee deposits	2,202
Provision for asset retirement obligation	2,257
Unsettled expense	3,630
<b>Deferred tax assets</b>	<u>79,659</u>
	<u>75,383</u>

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The Company did not recognize any deferred tax asset, because it is not probable that sufficient taxable profit will be available to allow the benefit of that deferred income tax asset to be utilized.

## 11. Other financial liability and other liability

Other financial liability and other liability as of December 31, 2015, are as follows:

(In thousands of won)	2015		
	Financial liability	Non-financial liability	Total
Accounts payable	21,985	138,576	160,561
Accrued expenses	68,335	-	68,335
Withholdings	-	9,937	9,937
	<u>90,320</u>	<u>148,513</u>	<u>238,833</u>

**12. Provisions**

Provisions as of December 31, 2015, are as follows:

<i>(In thousands of won)</i>	<b>2015</b>
Provision for asset retirement obligation	<u>20,514</u>

Changes in the provisions for the period ended December 31, 2015, are as follows:

<i>(In thousands of won)</i>	2015				<b>Ending balance</b>
	<u>Beginning balance</u>	<u>Occurrence</u>	<u>Transfer</u>	<u>Using</u>	
Provision for asset retirement obligation	<u>–</u>	<u>20,425</u>	<u>89</u>	<u>–</u>	<u>20,514</u>

**13. Equity**

(a) Common stock as of December 31, 2015, is as follows:

<i>(In thousands of won)</i>	<b>2015</b>
Number of shares authorized	<u>100,000,000</u>
Par value per share (in won)	<u>5,000</u>
Number of shares issued	<u>4,000,000</u>
Common stock	<u><b>20,000,000,000</b></u>

(b) Regulatory reserve for credit losses

Pursuant to Article 11 of Regulation on Supervision of Specialized Credit Finance Business, the Company is required to appropriate retained earning as a reserve for credit losses, with the amount to meet the regulated reserve balance. The regulated reserve balance is determined by applying minimum required loan loss allowance rate in Financial Investment Service Regulation.

The reserve for credit losses is allowed to be reversed to the reserve amount required by the related financial regulation if the reserve for credit losses is over the required reserve. If there is an accumulated deficit, no reserve for credit losses is appropriated until the accumulated deficit is disposed of.

Currently, the Company does not have the balance for the regulatory reserve for credit losses.

(c) Statement of disposition of deficit as of December 31, 2015, is as follows:

<i>(In thousands of won)</i>	<b>2015</b>
	<b>Expected disposition date: March 18, 2016</b>
Unappropriated deficit	<u>(650,632)</u>
Net loss	<u>(650,632)</u>
Accumulated deficit	<u>(650,632)</u>

**14. Interest Income**

Interest income for the period ended December 31, 2015, is as follows:

<i>(In thousands of won)</i>	<b>2015</b>
Cash and due from financial institutions	<u>40,674</u>
Other Interest	<u>1,582</u>
Interest income	<u>42,256</u>

**15. Selling and administrative expenses**

Selling and administrative expenses for the period ended December 31, 2015, are as follows:

<i>(In thousands of won)</i>	<b>2015</b>
Salaries	<u>172,785</u>
Bonuses	<u>31,725</u>
Miscellaneous benefits	<u>14,020</u>
Depreciation and amortization	<u>13,773</u>
Welfare expense	<u>22,565</u>
Service fee	<u>62,286</u>
Administrative and maintenance expenses	<u>29,363</u>
Communications	<u>59,130</u>
Advertising expenses	<u>76,088</u>
Tax and dues	<u>106,200</u>
Business promotion expenses	<u>25,820</u>
Training expenses	<u>1,481</u>
Publication	<u>15,999</u>
Supplies	<u>5,504</u>
Travel expenses	<u>1,560</u>
Rental expenses	<u>53,035</u>
Vehicles maintenance expenses	<u>1,465</u>
	<u>692,799</u>

**16. Non-operating Expense**

Non-operating expense for the period ended December 31, 2015, is as follows:

<i>(In thousands of won)</i>	<b>2015</b>
Increase in provision for Asset retirement obligation	<u>89</u>

**17. Related Party Transactions**

The related parties as of December 31, 2015, are as follows:

<i>(In thousands of won)</i>	<b>2015</b>
Jointly controlled entity	Ssangyong motor Co., Ltd., KB Capital Co., Ltd.
	Mahindra & Mahindra Ltd.
	Mahindra Vehicle Manufacturing Ltd.
	Mahindra & Mahindra South Africa Ltd.
Other related parties	Kookmin Bank
	KB Investment & Securities Co., Ltd.
	KB Kookmin Card Co., Ltd.
	KB Data Systems Co., Ltd.
	Ssangyong motor Co., Ltd., Subsidiaries, affiliated companies, other related parties of KB Financial Group

Account balances with related companies as of December 31, 2015, are as follows:

<i>(In thousands of won)</i>		<b>2015</b>
Kookmin Bank	Cash and cash equivalents	1,846,140
KB Investment & Securities Co., Ltd.	Cash and due from financial institutions	15,000,000
	Accrued revenue	579
KB Data Systems Co., Ltd.	Advanced payments	2,135,540
		<u>18,982,259</u>

Related party transactions for the period ended December 31, 2015, are as follows:

<i>(In thousands of won)</i>		<b>2015</b>
KB Capital Co., Ltd.	Selling and administrative expenses	3,295
Kookmin Bank	Interest income	41,677
KB Investment & Securities Co., Ltd.	Interest income	579
		<u>45,551</u>

Key management personnel compensation for the period ended December 31, 2015, are as follows:

<i>(In thousands of won)</i>	<b>2015</b>
Salaries	<u>45,891</u>

The key management personnel include those who have the authority and responsibility to manage the Company overall, and who plan, direct, control the earnings activity, including the Company's management council.

The fund transactions with the related parties for the period ended December 31, 2015, are as follows:

<i>(In thousands of won)</i>		<b>Capital Contribution</b>
<b>Relationship</b>	<b>Ssangyong motor Co., Ltd.</b>	
Jointly controlled entity	KB Capital Co., Ltd.	10,200,000
		<u>9,800,000</u>
		<u>20,000,000</u>

## DIRECTORS' REPORT

Your Directors present their Thirty-Seventh Report, together with the audited financial statements of your Company for the financial year ended 31<sup>st</sup> March, 2016.

### Financial Highlights and State of Company's Affairs

	(Rs. in Lakhs)	
	For the year ended	
	31 <sup>st</sup> March	31 <sup>st</sup> March
	2016	2015
Income	9,261.75	11,472.76
Profit before depreciation, interest, exceptional item and taxation	364.92	810.91
Finance costs	132.86	145.86
Depreciation/Amortization	77.89	96.93
Profit for the year before exceptional/prior period item and taxation	154.17	568.12
Exceptional/prior period item – (income)/expense	–	(34.14)
Profit before taxation	154.17	602.26
Provision for taxation		
– Current tax	80.00	152.00
Profit after taxation	74.17	450.26
Balance of loss brought forward from earlier years	1894.35	2,313.48
Depreciation adjustment on transition to Schedule II	–	31.13
Balance of loss carried to Balance Sheet	1,820.18	1,894.35
Net Worth	210.02	135.85

No material changes and commitments have occurred after the close of the year till the date of this Report which would affect the financial position of your Company.

### OPERATIONS

The overall industry witnessed a de-growth for second consecutive year. Your Company sold 1,831 tractors as compared to 2,401 tractors in the previous year. Your Company exported 143 tractors to Nepal as compared to 216 tractors in the previous year.

The profit before depreciation, interest, exceptional/prior period item and tax for the year dropped by 55% to Rs. 364.92 lakhs from Rs. 810.91 lakhs in the previous year. The profit after tax for the year stood at Rs. 74.17 lakhs as against Rs. 450.26 lakhs of the previous year, registering de-growth of 84%.

During the year, your Company achieved further improvement in the product quality, productivity, product awareness and implemented various low cost initiatives in the areas of operations.

Looking at the industry potential, your Company is working on aggressive growth plan by promoting existing models as well as developing price competitive variants. With focused market approach, your Company is also in the process of strengthening distribution channel as well as providing retail finance support through financial institutions.

### DIVIDEND

With a view to conserve resources, your Directors do not recommend any dividend for the year.

### RESERVES

The Company does not propose to transfer any amount to reserves.

### SHARE CAPITAL

During the year under review, your Company has reclassified 50,00,000 cumulative redeemable preference shares of Rs. 10/- each to 50,00,000 equity shares of Rs. 10/- each and the authorised share capital of your Company as on 31<sup>st</sup> March, 2016 stood at Rs. 60.00 crore divided into 5,50,00,000 equity shares of Rs. 10/- each and 50,00,000 cumulative redeemable preference shares of Rs. 10/- each.

During the year, there was no change in the paid-up share capital of your Company and as on 31<sup>st</sup> March, 2016, the same stood at Rs. 20.30 Crore divided into 1,53,01,979 equity shares of Rs. 10/- each fully paid-up and 50,00,000 cumulative redeemable preference shares of Rs. 10/- each fully paid-up.

**BOARD OF DIRECTORS****Composition:**

Presently the Board comprises of the following Directors:

Sr. No.	Director (DIN)	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
1.	Mr. Rajesh Jejurikar (00046823)	Director	Non-Executive Director	Non-Independent Director
2.	Mr. P. C. Vaidya (03027006)	Director	Non-Executive Director	Non-Independent Director
3.	Mr. K. Chandrasekar (01084215)	Director	Non-Executive Director	Non-Independent Director
4.	Mr. Harish Chavan (06890989)	Director	Non-Executive Director	Non-Independent Director
5.	Mr. Arunkumar Solanki, IAS (03571453)	Director	Non-Executive Director	Non-Independent Director
6.	Mr. Roopwant Singh, IAS (06717937)	Additional Director	Non-Executive Director	Non-Independent Director
7.	Mr. C. J. Mecwan (03596652)	Director	Non-Executive Director	Non-Independent Director
8.	Mr. Chhabildas N Patel (01190815)	Additional Director	Non-Executive Director	Independent Director
9.	Mr. Ravindra Dhariwal (00003922)	Director	Non-Executive Director	Independent Director

Mr. Ravindra Dhariwal was appointed as an Additional as well as Independent Director of the Company w.e.f. 31<sup>st</sup> March, 2015. His appointment as Independent Director was made w.e.f. 30<sup>th</sup> July, 2015 at the Thirty-sixth Annual General Meeting for a period of five consecutive years. He would not be liable to retire by rotation.

Mr. Ravindra Dhariwal had given a declaration to the effect that he meets the criteria of independence as laid down under Section 149 of the Companies Act 2013.

Mr. Arunkumar Solanki, IAS, Principal Secretary, Department of Agriculture and Cooperation, nominated by the Government of Gujarat was appointed as an Additional Director of your Company w.e.f. 21<sup>st</sup> May 2015. His appointment as a Director was made w.e.f. 30<sup>th</sup> July, 2015 at the Thirty-sixth Annual General Meeting.

Mr. Rajesh Manjhu, resigned from the Company with effect from 26<sup>th</sup> August, 2015. The Board places its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Mr. Rajesh Manjhu during his stint as Director of the Company.

Mr. B. L. Khanna was appointed as a Nominee director by Board of Industrial and Financial Reconstruction (BIFR) pursuant to the Scheme of Restructuring referred to it. Consequent to the order dated 16<sup>th</sup> September, 2015 Mr. B. L. Khanna discharged from Directorship of the Company.

Mr. Chhabildas N. Patel, who had given a declaration to the effect that he meets the criteria of independence as laid down under Section 149 of Companies Act 2013, has been appointed as an Additional as well as Independent Director with effect from 9<sup>th</sup> November, 2015 for a period of five consecutive years.

He would not be liable to retire by rotation.

Mr. Roopwant Singh, IAS, Joint Secretary (BPE), Finance Department of Government of Gujarat, who was nominated by the Government of Gujarat, was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> November, 2015.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013, along with the necessary deposit, proposing the candidatures of Mr. Roopwant Singh and Mr. Chhabildas N Patel for their appointment as Directors at the ensuing Annual General Meeting.

Mr. P. C. Vaidya and Mr. Rajesh Jejurikar are liable to retire by rotation at the forthcoming Annual general Meeting and being eligible have offered themselves for re-appointment.

**Meetings:**

The Board met five times during the year under review on 21<sup>st</sup> May, 2015, 30<sup>th</sup> July, 2015, 24<sup>th</sup> November, 2015, 28<sup>th</sup> January, 2016 and 11<sup>th</sup> March, 2016.

Name of Director	Number of Board Meetings Attended
Mr. Ravindra Dhariwal	3
Mr. Rajesh Jejurikar	2
Mr. K. Chandrasekar	5
Mr. Chhabildas N Patel	2
Mr. P. C. Vaidya	5
Mr. Arunkumar Solanki	1
Mr. C. J. Mecwan	4
Mr. Roopwant Singh	2
Mr. Harish Chavan	4
Mr. Rajesh Manjhu*	1
Mr. B.L. Khanna**	2

\* Mr. Rajesh Manjhu resigned from the Board with effect from 26<sup>th</sup> August, 2015.

\*\* Consequent to the order of Board of Industrial and Financial Reconstruction (BIFR) dated 16<sup>th</sup> September, 2015 Mr. B. L. Khanna was discharged from Directorship of the Company.

**Evaluation of performance of directors:**

The Nomination and Remuneration Committee carried out an evaluation of the overall performance of each Director covering various aspects such as performance, attendance etc.

The Board of Directors of the Company also carried out an annual evaluation of overall performance of the Independent Directors.

**Meetings of Independent Directors:**

The Independent Directors of the Company met on 29<sup>th</sup> December, 2015 without the presence of the Manager or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## COMMITTEES OF THE BOARD

### Audit Committee:

The Audit Committee comprises of Mr. K. Chandrasekar (Chairman), Mr. Ravindra Dhariwal (Member) and Mr. Chhabildas Patel (Member).

Audit Committee met twice during year, i.e., on 21<sup>st</sup> May, 2015, and 30<sup>th</sup> July, 2015.

The attendance at the meetings of the Audit Committee was as follows:

Director	Designation	No. of meetings attended
Mr. K. Chandrasekar	Chairman	2
Mr. Ravindra Dhariwal	Member	2
Mr. B. L. Khanna*	Member	2
Mr. Chhabildas N. Patel*	Member	NIL

\*Audit Committee was re-constituted with effect from 24<sup>th</sup> November, 2015 with induction of Mr. Chhabildas N Patel as its member upon withdrawal of nomination of Mr. B. L. Khanna.

### Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of Mr. C. J. Mecwan (Chairman), Mr. Rajesh Jejurikar (Member) Mr. Ravindra Dhariwal (Member) and Mr. Chhabildas Patel (Member).

Nomination and Remuneration Committee met twice during year, i.e., on 21<sup>st</sup> May 2015, and 28<sup>th</sup> January, 2016.

The attendance at the meetings of the Nomination and Remuneration Committee was as follows:

Director	Designation	No. of meetings attended
Mr. C. J. Mecwan	Chairman	2
Mr. Rajesh Jejurikar	Member	NIL
Mr. Ravindra Dhariwal	Member	2
Mr. B. L. Khanna*	Member	1
Mr. Chhabildas N. Patel*	Member	NIL

\*Nomination and Remuneration Committee was re-constituted with induction of Mr. Chhabildas Patel as its member upon withdrawal of nomination of Mr. B. L. Khanna with effect from 24<sup>th</sup> November, 2015.

### Corporate Social Responsibility Committee (CSR Committee):

The Corporate Social Responsibility Committee comprises of Mr. K. Chandrasekar (Chairman), Mr. C. J. Mecwan (Member), and Mr. Ravindra Dhariwal (Member)

CSR Committee met once during year, i.e., on 21<sup>st</sup> May, 2015.

The attendance at the meeting of the CSR Committee was as follows:

Director	Designation	No. of meetings attended
Mr. K. Chandrasekar	Chairman	1
Mr. C. J. Mecwan	Member	1

Director	Designation	No. of meetings attended
Mr. P. C. Vaidya*	Member	1
Mr. B. L. Khanna*	Member	1
Mr. Ravindra Dhariwal*	Member	NIL

\*Corporate Social Responsibility Committee was re-constituted with induction of Mr. Ravindra Dhariwal as its member and withdrawal of nomination of Mr. B. L. Khanna and Mr. P. C. Vaidya and with effect from 24<sup>th</sup> November, 2015.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, your Company undertook CSR initiatives in the area of sanitation and promoting girl child education. Your company constructed 15 fully equipped toilets at village, Rayantalavdi, near Vadodara (Gujarat State) and contributed to K. C. Mahindra Education Trust under their 'Nanhi Kali' program that promotes girl child education.

## CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of Companies Act, 2013. The same may be accessed on the Company's website: <http://www.mahindragujarat.com/CSRPolicy.pdf>.

An Annual Report on Corporate Social Responsibility is attached as Annexure I and forms part of this Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management, and after due enquiry, state that :

- in the preparation of the annual financial statement for the year ended 31<sup>st</sup> March 2016 the applicable accounting standards have been followed;
- the Directors had in consultation with Statutory auditors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31<sup>st</sup> March, 2016 and of the profit of the Company for the financial year ended on that date;
- the Directors have taken proper and sufficient care 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;
- the Directors have prepared annual accounts on a going concern basis; and,
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, and senior management and employees ("the Codes"). These Codes enunciate the underlying principles governing the



conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos. The Company has, for the year, received declarations from directors, and senior management and employees, affirming compliance with the respective Codes.

**POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

Your Board has, on the recommendation of the Nomination and Remuneration Committee approved policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure II and form part of this Report.

**KEY MANAGERIAL PERSONNEL**

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

1. Mr. Shri Om Tyagi as Manager (w.e.f. 1<sup>st</sup> April, 2014),
2. Mr. Ashok Panara as Chief Financial Officer (w.e.f. 1<sup>st</sup> April, 2014), and,
3. Mr. Sumeet Maheshwari as Company Secretary (w.e.f. 16<sup>th</sup> January, 2016)

Mr. Rahul Neogi resigned as Company Secretary of the Company with effect from 16<sup>th</sup> January, 2016. Consequently, Mr. Sumeet Maheshwari was appointed as Company Secretary of your Company with effect from the same date.

**STATUTORY AUDITORS**

At the Thirty-Fifth Annual General Meeting, M/s. Bipin & Co., Chartered Accountants, Vadodara (Firm Registration No. 101509W) were appointed as the Statutory Auditors of your Company to hold office up to the conclusion of Fortieth Annual General Meeting.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify appointment of Statutory Auditors at the Thirty-Seventh Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

**REPORTING OF FRAUDS**

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013, details of which needs to be mentioned in this report.

**STATUS WITH BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)**

In continuation of the status with BIFR reported in the last report, your Company, at the hearing held on 19<sup>th</sup> May, 2014, submitted to BIFR that it will endeavour to achieve positive Net-worth by 30<sup>th</sup> September, 2014 with the help of internal accruals. Accordingly, BIFR directed your Company to file audited accounts as of 30<sup>th</sup> September, 2014 and the next hearing which was fixed on 10<sup>th</sup> November, 2014. Your Company achieved positive Net-worth as of 30<sup>th</sup> September, 2014 and that the audited accounts as referred herein above and the Net-worth positive certificate were filed with BIFR.

The BIFR took on record the submissions of your Company, including that it had achieved positive Net-worth and directed State Bank of India (Operating Agency) to submit its recommendation on the status of Net-worth.

The Company filed Misc. Application with BIFR on 3<sup>rd</sup> August 2015 with Audited Accounts and Net-worth Certificate as of 31<sup>st</sup> March 2015. BIFR hearing was held on 16<sup>th</sup> September 2015 and your Directors are happy to inform you that at the said hearing, BIFR discharged your Company from its purview.

**INDUSTRIAL RELATIONS**

Industrial relations have generally remained cordial throughout the year.

**INTERNAL CONTROLS**

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statement and the same is, in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditor are invited to attend Audit Committee meetings.

**RISK MANAGEMENT POLICY**

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach.

Your Company has formulated a risk management policy which provides for evaluation of risks which may threaten the existence of the Company, and facilitates development of a suitable plan to mitigate the same.

**PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS**

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/securities which are required to be reported under Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to the Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the parent Company, Mahindra & Mahindra Limited.

#### **PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES**

All transactions entered into by your Company with its related parties during the year were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as Annexure III and forms part of this Report.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31<sup>st</sup> March, 2016 in form MGT-9 is annexed as Annexure IV and forms part of this Report.

#### **THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the year under review, no complaints were received under The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

#### **SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

Your Company pursues various safety improvement measures. The safety measures have been on focus throughout the year resulting in an increase in Safety Activity Ratio (S.A.R.) and achieved Zero accident during the year. During the year, operating systems in your Company were certified with Integrated Management System (IMS - ISO 9001:2015 & OHSAS 18001-2007) and awarded certificate from TUV-NORD. All statutory requirements have been adhered to & complied with.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure V and form part of this report.

#### **GENERAL DISCLOSURE**

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- c) Disclosure of Remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

#### **ACKNOWLEDGEMENTS**

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

**K. Chandrasekar**  
Director

**P. C. Vaidya**  
Director

**C. J. Mecwan**  
Director

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

## ANNEXURE I TO THE DIRECTORS' REPORT

### ANNUAL REPORT ON CSR ACTIVITIES OF MAHINDRA GUJARAT TRACTOR LIMITED

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Weblink: <http://www.mahindragujarat.com/CSRPolicy.pdf>

The objective of the Company's CSR policy is to-

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives, and causes to work for thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits earned during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, including contribution to the Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation, and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects;
11. Slum area development.

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

- (2) The Composition of the CSR Committee:
- K. Chandrasekar (Chairman),  
C. J. Mecwan, and  
Ravindra Dhariwal

- (3) Average net profit of the Company for last three financial years : Rs. 554 lakhs
- (4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) : Rs. 11.08 lakhs
- (5) Details of CSR spent during the financial year.
- (a) Total amount spent for the financial year : Rs. 10.90 lakhs
- (b) Amount unspent, if any : Rs. 0.18 lakh  
The unspent amount of Rs. 0.18 Lakhs would be carried forward and spent alongwith the CSR spent of 2016-17.
- (c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Particulars	CSR Expenditure
(1)	CSR project or activity identified	Construction of Toilets and Girl Child Education
(2)	Sector in which the project is covered	Sanitation and Education
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	1. Local Area for Toilets Construction at Rayantalavdi Village near Vadodara, Gujarat 2. Girl Child Education in Nasik, Maharashtra
(4)	Amount outlay (budget project or programme wise)	Construction of Toilets Rs. 5.54 lakhs and Girl Child Education Rs. 5.54 lakhs
(5)	Amount spent on the project or programme Sub Heads: (1) Direct Expenditure on projects or programmes (2) Overheads	Direct Expenditure of Rs. 10.90 lakhs NIL
(6)	Cumulative expenditure up to the reporting period	Rs. 10.90 lakhs
(7)	Amount Spent direct or through implementing agency - Through K. C. Mahindra Education trust - Directly by the Company	Rs. 5.54 lakhs Rs. 5.36 lakhs

6. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report; The Company had budgeted to spend an amount of Rs. 5.54 lakhs towards building toilets. However, the actual amount towards construction and completion of the toilets was Rs. 5.36 lakhs which was less than the budgeted amount by Rs. 0.18 lakhs. The said amount of Rs. 0.18 lakhs would be spent along with CSR spent for the year 2016-17.
7. Your Company's CSR Committee confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

**K. Chandrasekar**                      **P. C. Vaidya**                      **C. J. Mecwan**  
Director and Chairman of              Director                                  Director  
the CSR Committee

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Gujarat Tractor Limited (MGTL).

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- a. Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD)
- b. Chief Financial Officer (CFO), and
- c. Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

#### I. APPOINTMENT OF DIRECTORS

NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:

1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by directors.

Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through any member of the Board, will interact with the new member to obtain his/her consent

for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made there under.

#### REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the Company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director/CEO/Manager based on business needs and suitability of the candidate.

Managing Director/CEO/Manager shall report details of such appointments to NRC at least twice in a year.

#### II. SUCCESSION PLANNING:

##### Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

##### Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

##### Senior Management Personnel:

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

## **POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

### **Purpose**

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Gujarat Tractor Limited (MGTL).

### **Policy Statement**

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

### **Non-Executive Including Independent Directors**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

### **Executive Director/Managing Director/Manager**

The remuneration to Executive Director(s)/Managing Director/Manager shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

### **Key Managerial Personnel (KMPs)**

The remuneration to Manager shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, perquisites and

fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

The terms of remuneration of the Chief Financial Officer (CFO) and the Company Secretary shall be determined either by any Director or such other person as may be authorised by the NRC.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### **Employees**

We follow a position and level based approach for compensation benchmarking with companies in the tractor and related industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director/Chief Executive Office/Manager, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

For and on behalf of the Board

**K. Chandrasekar**  
Director

**P. C. Vaidya**  
Director

**C. J. Mecwan**  
Director

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

**ANNEXURE III TO THE DIRECTORS' REPORT****FORM NO. AOC. 2**

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-	-	-	-	-	-	-	-	-

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rs. Lacs)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Limited (Holding Company)	Purchase of Tractors	Financial year ended 31 <sup>st</sup> March, 2016	1,925.62	Not Applicable	-
2	Mahindra & Mahindra Limited (Holding Company)	Purchase of Components of Tractors	Financial year ended 31 <sup>st</sup> March, 2016	1,336.21	Not Applicable	-
3	Mahindra & Mahindra Limited (Holding Company)	Sale of Tractors and its Components	Financial year ended 31 <sup>st</sup> March, 2016	166.30	Not Applicable	-
4	Mahindra & Mahindra Limited (Holding Company)	Services Received for Employees on Deputation	Financial year ended 31 <sup>st</sup> March, 2016	166.99	Not Applicable	-
5	Mahindra & Mahindra Limited (Holding Company)	Expenses Reimbursed	Financial year ended 31 <sup>st</sup> March, 2016	41.29	Not Applicable	-
6	Mahindra & Mahindra Limited (Holding Company)	Interest on ICD	Financial year ended 31 <sup>st</sup> March, 2016	73.33	Not Applicable	-
7	Mahindra Logistics Limited (Fellow Subsidiary)	Logistics Services Received	Financial year ended 31 <sup>st</sup> March, 2016	307.81	Not Applicable	-

Note: for the purpose of materiality, the following criteria have been considered.

10% of Turnover of the Company or Rs. One hundred crore, whichever is lower is considered material for the purpose of disclosure in respect of contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.

10% of Net-worth of the Company or Rs. One hundred crore, whichever is lower is considered material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.

10% of the Net-worth of the Company or 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.

10% of Turnover of the Company or Rs. Fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

**K. Chandrasekar**  
Director

**P. C. Vaidya**  
Director

**C. J. Mecwan**  
Director

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

**ANNEXURE IV TO THE DIRECTORS' REPORT****Form No. MGT-9****Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March, 2016**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i.	Corporate Identification Number (CIN)	:	U34100GJ1978PLC003127
ii.	Registration Date	:	31 <sup>st</sup> March, 1978
iii.	Name of the Company	:	Mahindra Gujarat Tractor Limited
iv.	Category/Sub-Category of the Company	:	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details	:	Vishwamitri, Near Railway Overbridge Vadodara – 390011, Gujarat Tel.: +91-265-2311617/2339547 Fax: +91-265-2338015/2338156 Contact: maheshwari.sumeet@mahindra.com
vi.	Whether listed Company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	–

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacturing of Tractors	28211	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	60%	2(46)

**IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity):****i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	61,20,791	61,20,791	40	–	61,20,791	61,20,791	40	–
d) Bodies Corp.	–	91,81,188	91,81,188	60	–	91,81,188	91,81,188	60	–
e) Banks/Fl	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
<b>Sub-total (A)(1)</b>	–	<b>15,301,979</b>	<b>15,301,979</b>	<b>100</b>	–	<b>15,301,979</b>	<b>15,301,979</b>	<b>100</b>	–
<b>(2) Foreign</b>									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+ (A)(2)</b>	-	<b>15,301,979</b>	<b>15,301,979</b>	<b>100</b>	-	<b>15,301,979</b>	<b>15,301,979</b>	<b>100</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp./Corporate incorporated outside India									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
<b>Sub-total (B)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>15,301,979</b>	<b>15,301,979</b>	<b>100</b>	-	<b>15,301,979</b>	<b>15,301,979</b>	<b>100</b>	-



**(ii) Shareholding of Promoters (equity):**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	16,83,211	11	–	16,83,211	11	–	–
2	Mahindra & Mahindra jointly with Mr. Ashutosh Vidwans	1	–	–	1	–	–	–
3	Mahindra & Mahindra jointly with Mr. Rajeev Goel	1	–	–	1	–	–	–
4	Mahindra & Mahindra jointly with Mr. Bishwambar Mishra	1	–	–	1	–	–	–
5	Mahindra & Mahindra jointly with Mr. Harish Chavan	1	–	–	1	–	–	–
6	Mahindra & Mahindra jointly with Mr. S. Durgashankar	1	–	–	1	–	–	–
7	Mahindra & Mahindra jointly with Mr. Ashok Kumar Panara	1	–	–	1	–	–	–
8	Mahindra & Mahindra jointly with Mr. Shri Om Tyagi	1	–	–	1	–	–	–
9	Mahindra Holdings Limited	74,97,970	49	–	74,97,970	49	–	–
10	Governor of Gujarat	61,20,784	40	–	61,20,784	40	–	–
11	Governor of Gujarat jointly with Mr. M. B. Soni	1	–	–	1	–	–	–
12	Governor of Gujarat jointly with Mr. A. M. Choudhary	1	–	–	1	–	–	–
13	Governor of Gujarat jointly with Mr. R. T. Christian	1	–	–	1	–	–	–
14	Governor of Gujarat jointly with Mr. S. R. Choudhary	1	–	–	1	–	–	–
15	Governor of Gujarat jointly with Mr. K. D. Panchal	1	–	–	1	–	–	–
16	Governor of Gujarat jointly with Mr. B. M. Jadhav	1	–	–	1	–	–	–
17	Governor of Gujarat jointly with Mr. G. K. Thakor	1	–	–	1	–	–	–
	<b>Total</b>	<b>15,301,979</b>	<b>100</b>	<b>–</b>	<b>15,301,979</b>	<b>100</b>	<b>–</b>	<b>–</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	15,301,979	100	15,301,979	100
	Change	–	–	–	–
	<b>At the End of the year</b>	<b>15,301,979</b>	<b>100</b>	<b>15,301,979</b>	<b>100</b>

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name of the Shareholder:	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	–	–	–	–
	Change	–	–	–	–
	<b>At the End of the year</b>	–	–	–	–

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Mr. Shri Om Tyagi (Jointly with Mahindra & Mahindra Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the End of the year</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>
2	Mr. Ashok Kumar Panara (Jointly with Mahindra & Mahindra Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the End of the year</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>
3	Mr. Harish Chavan (Jointly with Mahindra & Mahindra Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the End of the year</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

(Rs. Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	120.49	901.83	–	1,022.32
ii) Interest due but not paid	–	806.71	–	806.71
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	<b>120.49</b>	<b>1,708.54</b>	<b>–</b>	<b>1829.03</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	–	–	–	–
• Reduction	(120.49)	–	–	(120.49)
<b>Net Change</b>	<b>(120.49)</b>	<b>–</b>	<b>–</b>	<b>(120.49)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	–	901.83	–	901.83
ii) Interest due but not paid	–	806.71	–	806.71
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	<b>–</b>	<b>1,708.54</b>	<b>–</b>	<b>1,708.54</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	
		S. O. Tyagi, Manager	Total Amount
1.	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	29.20	29.20
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of Profit	–	–
	– others, specify... Fees	–	–
5.	Others, please specify	–	–
	<b>Total (A)</b>	<b>29.20</b>	<b>29.20</b>
	Ceiling as per the Act		30.00

**B. Remuneration to other directors:**

(Rupees in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Ravindra Dhariwal	Mr. B. L. Khanna (upto 30/7/2015)	Mr. Chhabildas Patel (from 24/11/2015)	
1.	Independent Directors				
	• Fee for attending board/committee meetings	1.00	0.70	0.40	2.10
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	<b>Total (1)</b>	–	–	–	<b>2.10</b>
2.	Other Non-Executive Directors	–	–	–	–
	• Fee for attending board/committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	<b>Total (2)</b>	–	–	–	–
	Total (B)=(1+2)	–	–	–	<b>2.10</b>
	Total Managerial Remuneration	–	–	–	–
	Overall Ceiling as per the Act				30.00

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD:**

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	3.32	18.19	21.51
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of profit	–	–	–	–
	– others, specify... Fees	–	–	–	–
5.	Others, please specify	–	–	–	–
	<b>Total</b>	–	<b>3.32</b>	<b>18.19</b>	<b>21.51</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

**K. Chandrasekar**  
Director

**P. C. Vaidya**  
Director

**C. J. Mecwan**  
Director

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

## ANNEXURE V TO THE DIRECTORS' REPORT

### PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

#### A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

During the year, your Company has taken following initiatives for conservation of energy:

- Optimum utilization of the plant & machinery.
- Maintain power factor at unity (0.999)
- Energy saver engine testing dynamometer.
- Acoustic enclosure for Tractor PTO Testing - reduces noise.

(b) the steps taken by the company for utilizing alternate sources of energy:

- Replacement of asbestos roof sheets in select portion with transparent sheets to use natural light resulted to improve lux level
- Provision of Air circulator to improve air changeover.

(c) the capital investment on energy conservation equipments:

- Installation of new energy efficient paint kitchen.
- Roof ventilators with Natural lighting,
- Introduction of LED lights/ Solar lamps.

#### B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption:

Areas in which Research & Development is carried out:

- Keeping in view the future requirements of technological up- gradation, your Company has undertaken various programs like development of tractor to meet future regulatory norms in India and also upgrade some models with improved aesthetics.

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

- During the year under review, pursuant to R&D efforts on development of new features, company introduced Dual clutch, Power steering feature in Farmplus series of Tractor from 35 hp to 60 hp.

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – NIL

(a) the details of technology imported: N.A.

(b) the year of import: N.A.

(c) whether the technology been fully absorbed: N.A.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.

iv) the expenditure incurred on Research and Development : **(Rupees in Lakhs)**

(a) Capital Expenditure	Rs. 19.32
(b) Recurring Expenditure	Rs. 13.83

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

**(in terms of actual inflow and outflow)**

Total Foreign Exchange Earned and Used:

	<b>(Rupees in Lakhs)</b>	
	<b>For the Financial Year Ended 31<sup>st</sup> March, 2016</b>	<b>For the Financial Year Ended 31<sup>st</sup> March, 2015</b>
Total Foreign Exchange Earned	<b>Nil</b>	Nil
Total Foreign Exchange Used	<b>Nil</b>	Nil

For and on behalf of the Board

**K. Chandrasekar**  
Director

**P. C. Vaidya**  
Director

**C. J. Mecwan**  
Director

Place: Mumbai

Date: 5<sup>th</sup> May, 2016

## INDEPENDENT AUDITORS' REPORT

### To The Member, Mahindra Gujarat Tractor Limited

We have audited the accompanying standalone financial statements of **MAHINDRA GUJARAT TRACTOR LIMITED** ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements.

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We had conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the

Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit/loss and its cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- a) Note No: 25.14 – During the year company write back unclaimed security deposits of Debtors of Rs: 104.73 Lacs and booked it under the head of "Other Income".
- b) Note No: 25.15 – Profit on sale of Fixed Assets of Rs: 148.67 Lacs booked during the year through sale of Old & Unused Fixed Assets by The Company.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central Government in terms of Section 143(11) of the Act, We give in the "Annexure-A" a statement on the matter specified in paragraph 3 and 4 of the order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure-B”; and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note: 25.2 to the financial statements;
  - II. The Company did not have any long-term Contracts including derivative contract for which there were any material foreseeable losses.
  - III. There were no amounts which required to be transferred to Investor Education and Protection Fund by the Company.

**For BIPIN & COMPANY**  
Chartered Accountants  
(Firm’s Registration No. 101509W)  
(Pradeep K Agrawal)  
Partner  
(Membership No. 116612)

Place: Vadodara  
Date: 5<sup>th</sup> May, 2016

## ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the account of Mahindra Gujarat Tractor Limited for the year ended on 31<sup>st</sup> March, 2016)

- I. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The company hold title of all immovable property held by the company.
- II. (a) As explained to us, inventories were physically verified by the Management during once in a year and any discrepancy had been noticed during physical verification were properly dealt with in books of Account.
- III. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the period under perusal.
- IV. According to information and explanation provided to us, Section 185 and 186 of the Companies Act, 2013 had been complied in respect of Loans, Investments, guarantees and securities.
- V. According to information and explanation provided to us, the company had not accepted any deposits during the year under review, accordingly the provision of clause 3(v) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.
- VI. As per the Notification No: 1/40/2013 dated 31<sup>st</sup> December, 2014, the Central Government exempt automobile industries from the preview of Cost Audit, hence it is not applicable to company, under Section 148(1) of the Companies Act, 2013.
- VII. (a) According to information and explanation given to us, no undisputed amount payable in respect of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess were in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six month from the day they become payable.
- (b) Details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, and cess which have not been deposited as on 31<sup>st</sup> March, 2016 on account of dispute are given below:

Name of Statute	Nature of Dues	Amount in Lakhs	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1962	Income Tax	4.22	AY 1961-62	Assessing Officer
The Income Tax Act, 1962	Income Tax	1.90	AY 1978-79	Assessing Officer

Name of Statute	Nature of Dues	Amount in Lakhs	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1962	Income Tax	0.02	AY 2005-06	Assessing Officer
The Income Tax Act, 1962	Income Tax	28.45	AY 2013-14	CIT-Appeal

- VIII. According to information and explanation given to us the company had not defaulted in repayment of dues to financial institution or bank.
- IX. According to information and explanation given to us, no money has been raised by way of initial public offer (including debt instrument) and term loan during the year under review hence clause 3(ix) of the Companies (Auditor's Report) order, 2016 are not applicable to the company
- X. According to information and explanation given to us no fraud on or by the company has been noticed or reported during the year.
- XI. According to information and explanation provided to us, managerial remuneration has been paid and provided in accordance with the requisite approval mandate by the provision of Section 197 read with Schedule V of the Companies Act, 2013.
- XII. According to information and explanation provided to us, clause 3(xii) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.
- XIII. According to information and explanation provided to us, all transaction with the related parties are in compliance with Section 177 and 188 of The Companies Act, 2013 and all applicable details have been disclosed in the Financial Statement as required by the applicable accounting standard.
- XIV. According to information and explanation provided to us, Company has not made any preferential allotment or private placement of share or fully or partly convertible debenture during the year under review hence clause 3(xiv) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.
- XV. According to information and explanation provided to us, Company has not entered into any non-cash transaction with directors or person connected with him hence, clause 3(xv) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.
- XVI. According to information and explanation provided to us, Company is not required to register under Section 45IA of the Reserve Bank of India Act, 1934 hence, clause 3(xvi) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

**For BIPIN & COMPANY**  
Chartered Accountants  
(Firm's Registration No. 101509W)  
(Pradeep K Agrawal)  
Partner  
(Membership No. 116612)

Place: Vadodra  
Date: 5<sup>th</sup> May, 2016



## ANNEXURE-B TO THE AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Gujarat Tractor Limited ("the Company") as of 31<sup>st</sup> March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For BIPIN & COMPANY**  
Chartered Accountants  
(Firm's Registration No. 101509W)

(Pradeep K Agrawal)  
Partner  
(Membership No. 116612)

Place: Vadodara  
Date: 05<sup>th</sup> May, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Notes	Rupees in Lakhs	
		As at 31-Mar-16	As at 31-Mar-15
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's funds</b>			
(i) Share capital	3	2,030.20	2,030.20
(ii) Reserves and surplus	4	(1,603.05)	(1,677.22)
		427.15	352.98
<b>2. Non Current Liabilities:</b>			
(i) Deferred tax liabilities (Net)		—	—
(ii) Other long term liabilities		—	—
(iii) Long term provisions	5	<b>270.67</b>	<b>309.75</b>
		270.67	309.75
<b>3. Current Liabilities:</b>			
(i) Short term borrowings	6	585.00	705.49
(ii) Trade payables	7	2,892.67	2,538.37
(iii) Other current liabilities	8	2,090.34	2,364.35
(iv) Short term provisions	9	101.84	80.19
		5,669.85	5,688.40
<b>Total</b>		<b>6,367.67</b>	<b>6,351.13</b>
<b>II. ASSETS</b>			
<b>Non Current Assets:</b>			
<b>1. (a) Fixed assets</b>			
(i) Tangible assets	10	659.22	682.45
(ii) Intangible assets		0.91	5.52
(iii) Intangible assets under development		—	—
		660.13	687.97
(b) Non-current investments	11	—	—
(c) Long term loans and advances	12	30.32	44.27
		690.45	732.24
<b>2. Current Assets:</b>			
(a) Inventories	13	1,040.52	1,701.16
(b) Trade receivables	14	4,146.31	3,482.81
(c) Cash and bank balances	15	318.94	268.96
(d) Short term loans and advances	16	169.49	163.88
(e) Other current assets	17	1.96	2.08
		5,677.22	5,618.89
<b>Total</b>		<b>6,367.67</b>	<b>6,351.13</b>

The accompanying notes 1 to 25 are an integral part of the Financial Statements.

In terms of our report attached  
For **Bipin & Company**  
Chartered Accountants  
Firm Regn. no : 101509W

**CA. Pradeep K Agrawal**  
Partner  
Membership No.: 116612

Place : Vadodara  
Date : 5<sup>th</sup> May 2016

For and on behalf of the Board of Directors

**K. Chandrasekar**  
**C. J. Mecwan**  
**Shri Om Tyagi**  
**Ashok Panara**  
**Sumeet Maheshwari**

Director  
Director  
Manager  
Chief Financial Officer  
Company Secretary

Place : Mumbai  
Date : 5<sup>th</sup> May 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016**

Particulars	Notes	Rupees in Lakhs	
		Year ended on 31-Mar-16	Year ended on 31-Mar-15
<b>I. Gross Revenue from Sale of Products and Services</b>	18	8,744.73	11,159.12
Less : Excise Duty		33.63	45.44
Net Revenue from Sale of Products and Services		8,711.10	11,113.68
Other Operating Revenue		88.79	80.53
<b>Revenue from Operations (Net)</b>		<b>8,799.89</b>	<b>11,194.21</b>
<b>II. Other income</b>	19	<b>461.86</b>	<b>278.55</b>
<b>III. Total revenue (I+II)</b>		<b>9,261.75</b>	<b>11,472.76</b>
<b>IV. Expenditure</b>			
(i) Cost of materials consumed	20	3,907.76	4,923.87
(ii) Purchase of stock in trade		1,925.62	2,855.41
(iii) Changes in inventories of finished goods, work-in-progress and stock in trade	21	489.04	400.73
(iv) Employee benefits expense	22	1,129.56	1,081.52
(v) Finance costs	23	132.86	145.86
(vi) Depreciation and amortisation expense	10	77.89	96.93
(vii) Other expenses	24	1,444.85	1,400.32
<b>Total expenditure</b>		<b>9,107.58</b>	<b>10,904.64</b>
<b>V. Profit Before Exceptional Item &amp; Tax (III-IV)</b>		<b>154.17</b>	<b>568.13</b>
<b>VI. Exceptional Item - Expense/(Income)</b>			
– Surplus of Depreciation due to Change in Method	25.5	–	(173.26)
– Compensation to Co-Op. Societies	25.6	–	134.29
<b>VII. Prior Period Item</b>	25.9	–	4.83
<b>VIII. Profit Before Tax (V+VI-VII)</b>		<b>154.17</b>	<b>602.26</b>
<b>IX. Less: Tax expense</b>			
– Current tax		80.00	152.00
– Deferred tax		–	–
<b>X. Profit from continuing operations (VII-VIII)</b>		<b>74.17</b>	<b>450.26</b>
<b>XI. Earnings per share (of Rs.10 each)</b>	25.10		
(1) Basic		0.16	2.75
(2) Diluted		0.16	2.75

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached

For **Bipin & Company**

Chartered Accountants

Firm Regn. no : 101509W

**CA. Pradeep K Agrawal**

Partner

Membership No.: 116612

Place : Vadodara

Date : 5<sup>th</sup> May 2016

For and on behalf of the Board of Directors

**K. Chandrasekar**

Director

**C. J. Mecwan**

Director

**Shri Om Tyagi**

Manager

**Ashok Panara**

Chief Financial Officer

**Sumeet Maheshwari**

Company Secretary

Place : Mumbai

Date : 5<sup>th</sup> May 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016**

Particulars	Rupees in Lakhs	
	Year ended on 31-Mar-16	Year ended on 31-Mar-15
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax as per Statement of Profit and Loss	154.17	602.26
Adjusted for:		
Depreciation/Amortisation	77.89	96.93
Exceptional Item (Surplus of Depreciation due to Change in Method)	–	(173.26)
Provision for doubtful debts and advances	94.16	23.40
Profit on Sale of Fixed Assets	(148.67)	–
Write back of unclaimed security deposits of Dealers	(104.73)	–
Provisions written back	(83.96)	(91.06)
Interest and Finance Charges	124.05	138.37
<b>Operating Profit before Working Capital Changes</b>	<b>112.91</b>	<b>596.65</b>
Adjusted for:		
(Increase)/Decrease in Trade and Other Receivables	(749.21)	(1,432.14)
(Increase)/Decrease Inventories	660.64	258.75
Increase/(Decrease) Current Liabilities and Provisions	218.32	517.13
	<b>129.75</b>	<b>(656.26)</b>
<b>Cash Generated from Operations</b>	<b>242.66</b>	<b>(59.62)</b>
Taxes paid (net of refunds)	(47.05)	(131.47)
Net Cash Generated from Operating Activities	195.61	(191.10)
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(69.31)	(98.63)
Sale of Fixed Assets	167.93	–
Net Cash used in Investing Activities	<b>98.62</b>	<b>(98.63)</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings (Cash Credit from SBI)	–	120.49
Repayment of Borrowings	(120.49)	–
Interest Paid	(124.05)	(138.37)
Net Cash used in Financing Activities	<b>(244.54)</b>	<b>(17.88)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>49.69</b>	<b>(307.61)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>258.66</b>	<b>566.26</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>308.35</b>	<b>258.66</b>
<b>Notes</b>		
1. The above statement has been prepared under Indirect Method as per the Accounting Standard on Cash Flow Statement (AS-3).		
2. Cash and Cash Equivalents comprises of	As at 31-Mar-2016	As at 31-Mar-2015
Cash on Hand	0.76	1.72
Cheques on Hand	227.04	256.15
With Scheduled Banks		
– in current accounts	0.40	0.79
– in margin money accounts		
– in Cash Credit accounts (Debit Balance)	80.15	–
– in Fixed deposit accounts having lien		
– in Fixed deposit accounts	–	–
	<b>308.35</b>	<b>258.66</b>

In terms of our report attached  
For **Bipin & Company**  
Chartered Accountants  
Firm Regn. no : 101509W

**CA. Pradeep K Agrawal**  
Partner  
Membership No.: 116612

Place : Vadodara  
Date : 5<sup>th</sup> May 2016

For and on behalf of the Board of Directors

**K. Chandrasekar**  
**C. J. Mecwan**  
**Shri Om Tyagi**  
**Ashok Panara**  
**Sumeet Maheshwari**

Director  
Director  
Manager  
Chief Financial Officer  
Company Secretary

Place : Mumbai  
Date : 5<sup>th</sup> May 2016

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1 Corporate Information

Gujarat Tractor Corporation Limited (GTCL) a Public Limited Company domiciled in India and incorporated on 31<sup>st</sup> March, 1978 under the provisions of the Companies Act, 1956 (CIN : U34100GJ1978PLC003127) and a Government of Gujarat Undertaking. As a part of Disinvestment by Government of Gujarat, the Mahindra & Mahindra Ltd. acquired 60% stake in Equity Shares of the Company in 1999-2000. The name of the Company changed to Mahindra Gujarat Tractor Limited (MGTL/the Company) in the year 2000. Currently Mahindra Group hold 60% and Government of Gujarat hold 40% Equity in the Company. The Company is engaged in the Manufacture and Sale of Tractors under the brand name "Shaktimaan", "Hindustan", "Farm Plus" and spares of the same. The Company carries out its business activities in India and Nepal. The Factory and Registered Office of the Company is located at Vishwamitri, Vadodara, Gujarat and Sales & Distribution Offices and Yards in major States of India.

Company's Operations turned down to unprofitable due to variety of factors such as old technology, downturn in the tractor industry, inadequate marketing structure, liquidity etc. resulted in networth eroded as at 31<sup>st</sup> March, 2002 and Company had filed reference to the Board for Industrial and Financial Reconstruction (BIFR). BIFR order dated 19<sup>th</sup> July, 2004 declared the Company as a sick industrial undertaking under Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985(the Act). Consequent to the hearing held on 27<sup>th</sup> March 2008, the Company has submitted revised Rehabilitation Scheme under Section 17(2) of the act to the BIFR authorities. BIFR has since appointed State Bank of India (SBI) as an Operating Agency (OA) and instructed them to submit DRS (Draft Rehabilitation Scheme) under Section 17(3). Accordingly SBI had submitted DRS to BIFR. Hearing held on 23<sup>rd</sup> April 2009 and BIFR, vide its order dated 11<sup>th</sup> May, 2009 among other things directed SBI to consider the Contingent liabilities and other issues in DRS. BIFR has also rejected Company's submission of modifying the condition of any shortfall in projected cash flow will be made by Mahindra & Mahindra Limited. The Company has filed an appeal with the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the said order of BIFR.

BIFR in its hearings on 27<sup>th</sup> October and 22<sup>nd</sup> December 2010 directed the Company to submit the Revised DRS taking cut off date as 31<sup>st</sup> December 2010 to SBI (OA) and BIFR, consequently AAIFR has discharged the appeal. In line with BIFR directive the Company had submitted Revised DRS cum Merger Scheme to SBI (for review and vetting) and BIFR on 18<sup>th</sup> February 2011. SBI(OA) had vetted and submitted the revised DRS to the BIFR on 18<sup>th</sup> October 2011. Government of Gujarat had stated at the BIFR hearing held on 31<sup>st</sup> Oct, 2012 that Merger is not agreeable to them. In the hearing held on 6<sup>th</sup> February, 2013 at BIFR, Government of Gujarat submitted that they are agreeable to infuse Equity Share Capital. Mahindra & Mahindra Ltd and Government of Gujarat had agreed to infuse equity capital in the Company in the proportion of their existing holding.

In the hearing held on 17<sup>th</sup> June, 2013, Government of Gujarat proposed to convert their loan into equity in terms of Section 81(1)(4) of the Companies Act, 1956. Mahindra & Mahindra Limited filed Misc. Application no.562/2013 on 28<sup>th</sup> October, 2013, praying to direct the SBI (OA) to consider the DRS submitted by Mahindra & Mahindra Limited to formulate and submit its fully tied up DRS for MGTL for consideration of BIFR. Hearing of MA no.562/2013 was held on 7<sup>th</sup> November, 2013. Government of Gujarat filed Misc. Application no.111/2014 praying to permit/allow to approach Central Government in terms of Section 81(1)(4) of the Companies Act, 1956 to convert their loan into equity. Hearing of the same was held on 26<sup>th</sup> February, 2014 wherein BIFR directed Government of Gujarat to serve MA to all concerned. Next date of the hearing of main case and both MA had been fixed for 19<sup>th</sup> May, 2014. At the hearing held on 19<sup>th</sup> May, 2014 the Company had submitted that it will make networth positive by 30<sup>th</sup> September 2014 by its internal accruals. The BIFR had directed the Company to file audited accounts as of 30<sup>th</sup> September 2014 to BIFR and next date of hearing fixed up for 10<sup>th</sup> November, 2014. Company has submitted audited accounts and networth certificate as of 30<sup>th</sup> Sept'14, BIFR heard on 10<sup>th</sup> November 2014 and taken on record the submissions of the Company and directed SBI(OA) to submit its recommendation on the status of Networth.

Company has filed Misc. Application with BIFR on 3<sup>rd</sup> August 2015 with Audited Accounts and Networth Certificate as of 31<sup>st</sup> March 2015. BIFR hearing held on 16<sup>th</sup> September 2015 whereat the Company has been discharged by the BIFR from its purview.

The accumulated losses as at the year end are lower than the paid up Share Capital and Reserves of the Company by Rs. 427.15 lakhs (as of 31<sup>st</sup> March 2015, accumulated losses were in excess of paid up share capital and reserves for Rs. 352.98 lakhs). The Company has made a profit after tax of Rs. 74.17 lakhs in the current financial year as against profit after tax of Rs. 450.26 lakhs in the financial year 2014-15. The management expects further improvement in the profitability and consequently in the net worth of the Company considering steps taken for operational efficiency, cost reduction and strengthening of the marketing set up and exploration of newer markets. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

### 2 Significant Accounting Policies

#### 2.1 Basis of Preparation of Financial Statement

The Financial statements are prepared in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provisions of the Companies Act, 2013. The financial statements have been prepared under assumption of going concern on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year, except those specifically mentioned at respective places.

#### 2.2 Use of Estimates

The Preparation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the same are known/materialized.

#### 2.3 Fixed Assets

##### (a) Tangible Assets

All fixed assets are stated at cost of acquisition less accumulated depreciation, except for land, which is freehold and is therefore stated at cost. Cost is net of specific grant received, if any. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, is recognised.

Certain fixed assets were transferred to various Industrial Co-operative Societies on hire purchase basis, had been reduced from the Gross Block of Fixed Assets of the Company in the year of actual transactions in past, but they still remain the property of this Company till the last instalment is paid.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.

##### (b) Intangible Assets

All intangibles assets are initially measured at cost and amortized so as to reflect the pattern in which asset's economic benefits are consumed.

##### a) Development Expenditure

The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefits, not exceeding five years.

##### b) Software Expenditure

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

#### 2.4 Impairment of Assets

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment

exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flow expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of Profit and Loss, except in case of revalued assets.

## 2.5 Depreciation/Amortisation

The Company has revised its policy of providing depreciation on fixed assets effective 1<sup>st</sup> April 2014. Depreciation is now provided on straight line basis for all assets as against the previous policy of providing on written down value basis. As a result of change in method of depreciation from WDV to SLM and recomputation of depreciation retrospectively, Surplus arising for the period prior to 1<sup>st</sup> April, 2014 has been shown as an "Exceptional Item" in the Statement of Profit & Loss.

During the period ended on 31<sup>st</sup> Mar'15, the Company has realigned its depreciation policy in accordance with Schedule-II to Companies Act, 2013. Consequently w.e.f. 1<sup>st</sup> April 2014 : (a) carrying value of assets is now depreciated over its revised remaining useful life. (b) where the remaining useful life of the assets is 'Nil' as on 1<sup>st</sup> April 2014, carrying value of assets after retaining the residual value has been recognised in the opening reserves in accordance with transitional provision of note 7(b) of Schedule-II of the Companies Act, 2013.

The Company has adopted the useful life as it is as provided in the Schedule-II of the Companies Act, 2013 without technical evaluation of useful life of the Assets.

Depreciation/Amortisation on fixed assets other than on freehold land and capital work-in-progress is charged so as to write off the cost of assets over its useful life, keeping 5% residual value on the following basis:

Type of Assets	Method	Useful Life (Years)
<b>Tangible Assets</b>		
Buildings - Non Factory	Straight line	60
Buildings - Factory	Straight line	30
Plant & Machineries Jigs & Fixtures Pattern & Moulds	Straight line	15
Furniture & Fixtures Electrical Installations	Straight line	10
Motor Vehicles - Cars & Tractors	Straight line	8
Computers - Servers & Network	Straight line	6
Office Equipments	Straight line	5
Computers - End use devices (Desktop, Laptop, Printers etc.)	Straight line	3
Assets values < Rs.5000	Straight line	1
<b>Intangible Assets</b>		
Development Expenditure	Straight line	5
Softwares	Straight line	3

## 2.6 Investments

Long Term Investments are valued at cost. However, provision for diminution in the value of long term investments is made only if such a decline is other than temporary. Current investments are valued at the lower of cost and fair value, determine by category of investment.

## 2.7 Inventories

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw Materials and bought out components are valued at the lower of cost or net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for trading, manufactured components and work-in-progress are carried at cost or net realisable value whichever is lower.

Stores, Spares and Tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower.

## 2.8 Employees Benefits

Company's Contributions paid/payable during the year to PF, ESIC and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Company's Liability towards Gratuity and long term compensated absences schemes are determined by independent actuaries, using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefits obligation.

## 2.9 Revenue Recognition

Sales of products and services are recognised when the products are dispatched/shipped or services rendered. Export benefits are recognised in the year in which the exports are made and there exists no significant uncertainties as to the measurement or ultimate recovery of the amount.

Interest income in respect of delayed payment from customers is recognised when ultimate realisation is confirmed by concerned customer.

Amount in respect of unclaimed security deposit, earnest money deposits, and misc. deposits of distributors and dealers that are pending for more than three years are considered as income after review by the management.

Income from sale of scrap are accounted for on the basis of actual realisation.

Other Income except mentioned above are recognised on accrual basis except when ultimate realisation of such income is uncertain.

## 2.10 Excise Duties

Excise duties (including industrial cess) recovered are included in the Sale of Products (Gross). Excise Duty (including industrial cess) in respect of Finished Goods are shown separately as an item of Manufacturing and other expenses and included in the valuation of finished goods.

## 2.11 Borrowing Costs:

All Borrowing Costs are charged to the Statement of Profit and Loss except:

- Borrowing costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, which are capitalised as part of the cost of such assets.
- Expenses incurred on raising long term borrowings are amortised over the period of borrowings. on early buyback, conversion or repayment of borrowings, any unamortised expenditure is fully written off in that year.

## 2.12 Product Warranty

In respect of the warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

## 2.13 Leases

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns, etc.) The leasing arrangements, which are not non-cancellable, range between eleven months and five years generally and are usually renewable by mutual consent or agreed terms. The aggregate lease rentals payable are charged as rent.

**2.14 Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence, on timing difference being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets arising on account of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is a virtual certainty supported by convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

**2.15 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are determined based on management estimate based on technical valuation and past experience to settle the obligation at the Balance Sheet date and are not discounted to its present value. Contingent liabilities are not recognised but are disclosed in notes. Contingent assets neither recognised nor disclosed in the financial statements. These are reviewed at each balance sheet date and adjusted to reflect the current estimates by the management.

**2.16 Prior Period Adjustment**

All identifiable/decided items of income and expenditure pertaining to prior period which were not provided/accounted in earlier years are accounted through prior period adjustment.

**2.17 General**

Accounting policies not specifically referred to are consistent with Generally Accepted Accounting Practice of India.

**Note 3 Share Capital**

Particulars	As at 31-Mar-16		As at 31-Mar-15	
	Nos	Rupees in Lakhs	Nos	Rupees in Lakhs
<b>A Authorised</b>				
1. Equity Shares of Rs. 10 each	55,000,000	5,500.00	50,000,000	5,000.00
2. 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	5,000,000	500.00	10,000,000	1,000.00
<b>Total</b>	<b>60,000,000</b>	<b>6,000.00</b>	<b>60,000,000</b>	<b>6,000.00</b>
<b>B. Issued, Subscribed and Fully Paid up</b>				
1. Equity Shares of Rs. 10 each	15,301,979	1,530.20	15,301,979	1,530.20
Add : Additions	-	-	-	-
Less: Deductions	-	-	-	-
<b>Closing Balance</b>	<b>15,301,979</b>	<b>1,530.20</b>	<b>15,301,979</b>	<b>1,530.20</b>
2. 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	5,000,000	500.00	5,000,000	500.00
Add : Additions	-	-	-	-
Less: Deductions	-	-	-	-
<b>Closing Balance</b>	<b>5,000,000</b>	<b>500.00</b>	<b>5,000,000</b>	<b>500.00</b>
<b>Total (Equity + Preference)</b>	<b>20,301,979</b>	<b>2,030.20</b>	<b>20,301,979</b>	<b>2,030.20</b>
<b>Total</b>	<b>20,301,979</b>	<b>2,030.20</b>	<b>20,301,979</b>	<b>2,030.20</b>

Notes:

- Shares held by Holding/ultimate Holding Company and details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31-Mar-16		As at 31-Mar-15	
	Rupees in Lakhs	% of share holding	Rupees in Lakhs	% of share holding
<b>Equity Shares</b>				
Mahindra Holdings Limited (Holding Company) 74,97,970 Equity Shares of Rs. 10 each fully paid	749.80	49%	749.80	49%
Mahindra & Mahindra Ltd. (Ultimate Holding Company) 16,83,218 Equity Shares of Rs. 10 each fully paid	168.32	11%	168.32	11%
Government of Gujarat 61,20,791 Equity Shares of Rs. 10 each fully paid	612.08	40%	612.08	40%
<b>Total Equity Share Capital</b>	<b>1,530.20</b>	<b>100%</b>	<b>1,530.20</b>	<b>100%</b>
<b>Preference Shares</b>				
Government of Gujarat 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up	500.00	100%	500.00	100%

- Details of the Rights, preferences, and restrictions attaching to each class of the shares.

**2.1 I. Issued and Subscribed Capital includes- Equity Share Capital**

- 1,500,000 Equity Shares of Rs. 10 each issued to Government of Gujarat as fully paid up, without receiving payment in cash, being the consideration for transfer of the undertaking of Hindustan Tractors Limited to the Company.
- 11,979 Equity Shares of Rs. 10 each issued to Government of Gujarat as fully paid up, being the reimbursement of preliminary expenses incurred by them on the formation of the Company.
- 13,790,000 Equity Shares of Rs. 10 each issued to Government of Gujarat consequent upon conversion of loan of Rs. 137,900,000 into Equity Share Capital.
- Out of 15,301,979 Equity Shares, as stated above held by the Government of Gujarat, 9,181,188 Equity Shares were divested by sale to Mahindra Group. The holding by Mahindra Group is as follows 1,683,218 Equity Shares are held by Mahindra & Mahindra Limited, the holding Company, including 7 Equity Shares jointly with its nominees & 7,497,970 Equity shares are held by Mahindra Holdings Limited.

**II. Preference Shares Capital**

- 5,000,000 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each issued solely to Government of Gujarat (GOG) as fully paid up on 23<sup>rd</sup> May, 2000 consequent upon conversion of loan of Rs. 50,000,000.
- These Shares were redeemable at par at the end of four years from the date of allotment i.e. 22<sup>nd</sup> May, 2004. and the terms of the Issue of the Shares can be varied with the express consent of the Company and the holders of the Shares at any time during the period the Shares are outstanding.
- The Preference Shares issued have right to receive dividend from year to year as decided by terms of Issue i.e. 8.5% per annum from the date of allotment.
- The Preference share holders will not be entitled to any of the rights and privileges available to the members of the company including right to receive notice of or to attend and vote at General Meeting or to receive Annual Reports of the Company. If, however any resolution affecting the rights attached to the Share is placed before the member of the Company, such resolution will first be placed before the Preference shareholders for their consideration.

- e. Due to Negative Net worth in 2002, The Company had filed reference with the BIFR. On 16<sup>th</sup> September 2015, Company has come out from BIFR purview as per BIFR order dated 23<sup>rd</sup> September 2015. As at 31<sup>st</sup> March 2016, the Company has accumulated losses and has no source for redemption of Preference Shares.

- 2.2 Considering book losses the Board of Directors had not declared dividend on preference share since allotment. Thus no provision had been made for 8.5% dividend, amounting to Rs. 631.46 lakhs on preference shares for the period from 23<sup>rd</sup> May, 2000 (being the date of allotment) to the preceding year ended 31<sup>st</sup> March, 2015 and Rs. 42.50 lakhs for the current year, and additional tax thereon.

**Note 4 Reserves and Surplus**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
1 Capital Reserve	217.13	217.13
Add: Additions during the year	-	-
Less: Utilised/transferred during the year	-	-
Closing balance	<u>217.13</u>	<u>217.13</u>
2 Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	(1,894.35)	(2,313.48)
Less: Depreciation (Refer Note - 25.5)		(31.13)
Add: Profit for the Year	74.17	450.26
Closing Balance	<u>(1,820.18)</u>	<u>(1,894.35)</u>
Total	<u>(1,603.05)</u>	<u>(1,677.22)</u>

Note: No movement in Capital Reserves balance and same is carried forwarded since 31<sup>st</sup> March, 1994

**Note 5 Long term provisions**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
1. Provision for Employee benefits		
Provision for compensated absences	56.93	64.50
Provision for Gratuity	213.74	245.25
Total	<u>270.67</u>	<u>309.75</u>

Notes :

1. Refer Note 25.3 "Additional Information" for disclosure in compliance of requirements of Accounting Standard 15 "Employee Benefits".

**Note 6 Short-term Borrowings**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
1. Loans repayable on demand		
From Banks		
Secured	-	120.49
	<u>-</u>	<u>120.49</u>
2. Loans and advances from related parties		
Unsecured		
Inter Corporate Deposit from Mahindra & Mahindra Ltd	585.00	585.00
Total	<u>585.00</u>	<u>705.49</u>

Notes:

**1 Secured Loans repayable on demand from Bank**

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery and mortgage of Ten acres of land.

**2 Inter Corporate Deposit (ICD) from M&M Ltd**

- a ICD was placed with the Company during the period February 2001 to June 2004.
- b Terms of repayment as originally defined were 90 days + call basis. No repayment till date.
- c Rate of interest is 12.5% p.a. (revised from 13.6% to 12.5% w.e.f. 1-Jan-2010).
- d Closing balance of Interest accrued on the same as on 31-03-2016 is Rs. 357.39 lakhs (as on 31-03-2015 Rs. 357.39 lakhs).

**Note 7 Trade Payables**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
1. Trade Payables		
Acceptances	-	-
Trade Payables-Micro & Small Enterprises	29.13	5.59
Trade Payables-Others	2,863.54	2,532.78
Total	<u>2,892.67</u>	<u>2,538.37</u>

Notes :

1. There are some Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than the stipulated period. The information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The disclosures required to be made as per Micro, Small, and Medium Enterprise Development Act 2006 are as follows:

	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
I. Dues remaining unpaid		
Principal	29.63	5.59
Interest	0.50	1.60
II. Interest paid in terms of Section 16 of the Act (actual)	0.50	1.52
III. Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	0.50	1.05
IV. Amount of interest accrued and remaining unpaid	0.50	1.05
V. Amount of interest due and payable on previous year's outstanding amount	-	-
VI. The names of the small scale industrial undertaking(s) to whom the Company owes any sum exceeding Rs. 1,00,000/- together with interest which is outstanding for more than 45 days are A.J.Industries, Alfa Industrial Corporation, Chamunda Engineering Works, Excel Indo-can Industries, J.J.Auto Engineering, Jai shree ambe engineering works, JDK Enterprise, Pratik Hytech Works Pvt. Ltd., Real Surface Finish Pvt. Ltd., Shaktiwan Manufacturers.		



**Note 8 Other Current Liabilities**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
1. Current maturity of Loan from Government of Gujarat	316.83	316.83
2. Interest accrued and due on Loan from Government of Gujarat	449.32	449.32
3. Interest accrued and due on Inter Corporate Deposit from Mahindra & Mahindra Ltd.	357.39	357.39
4. Other payables		
Trade/Security Deposits received	498.99	640.03
Statutory Remittances (PF, ESIC, VAT, Excise, Service Tax Payables)	70.12	29.90
Payables on purchase of fixed assets	3.90	6.71
Advances from Customers	206.79	343.54
Service coupon Liability	50.10	63.89
Dealers Incentives	29.49	43.09
Interest payable	0.50	1.06
Expenses accruals	92.90	102.39
Others	14.01	10.20
<b>Total</b>	<b>2,090.34</b>	<b>2,364.35</b>

Notes :

- The loan has been taken from Government of Gujarat in the year 2000. Repayment (as defined in the agreement) was due in 2002. However, no repayment of Principal amount made till date. Rate of interest on above loan is 12% p.a. With effect from 2006, additional penal interest of 2.5% is also charged bringing total interest to 14.5%.

**Note 9 Short-term provisions**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
1. Employee benefits		
Provision for compensated absences	18.64	20.86
Provision for Gratuity	23.75	27.25
2. Others		
Provision for Warranties	21.45	27.04
Provision for Taxation	38.00	5.04
<b>Total</b>	<b>101.84</b>	<b>80.19</b>

Notes

- Refer Note 25.3 "Additional Information" for disclosure in compliance of requirements of Accounting Standard 15 "Employee Benefits".
- Refer Note 25.1 "Additional Information" for disclosure in compliance of requirements of Accounting Standard 29 "Provisions, Contingent Liabilities And Contingent Assets".

**Note 10 Fixed Assets**

Description of Assets	Cost as at 01-Apr-15	Additions during the year at cost	Other Adjustments during the year	Cost as at 31-Mar-16	Depreciation/ Amortisation as at 01-Apr-15	Depreciation/ Amortisation for 2015-16	Deductions and Adjustments of Depreciation/Amortisation due to change in method and Adjustment of Sch-II		Other Depreciation	Accumulated Depreciation/Amortisation upto 31-Mar-16	Net Balance as at 31-Mar-16
<b>A : Tangible Assets</b>											
Land (Freeholds)	1.03	-	-	1.03	-	-	-	-	-	-	1.03
	1.03	-	-	1.03	-	-	-	-	-	-	1.03
Buildings	142.96	5.01	-	147.97	74.27	2.25	-	-	-	76.52	71.45
	135.57	7.39	-	142.96	83.30	2.18	11.22	0.01	-	74.27	68.69
Plant and Equipment	1,394.89	60.44	330.22	1,125.11	859.36	56.34	-	313.70	602.00	523.11	
	1,369.59	49.52	24.22	1,394.89	940.92	57.98	122.58	(16.96)	859.36	535.53	
Office Equipments	51.00	2.26	-	53.26	29.26	5.96	-	-	35.22	18.04	
	44.23	6.85	0.08	51.00	23.02	7.23	0.98	(0.01)	29.26	21.74	
Furniture and Fittings	41.79	1.32	-	43.11	23.03	2.62	-	-	25.65	17.46	
	41.34	0.37	(0.08)	41.79	25.80	2.90	5.68	0.01	23.03	18.76	
Vehicles	114.78	-	53.01	61.77	78.09	5.82	-	50.27	33.64	28.13	
	58.19	32.37	(24.22)	114.78	54.10	8.01	0.97	16.95	78.09	36.69	
Sub Total A	1,746.45	69.03	383.23	1,432.25	1,064.01	72.99	-	363.97	773.03	659.22	
	1,649.95	96.50	0.00	1,746.45	1,127.14	78.30	141.43	0.00	1,064.01	682.44	
<b>B : Intangible Assets</b>											
Software Expenditure	47.46	0.28	-	47.74	46.04	0.79	-	-	46.83	0.91	
	45.33	2.13	-	47.46	40.24	5.81	-	-	46.05	1.41	
Development Expenditure	55.51	-	-	55.51	51.40	4.11	-	-	55.51	-	
	55.51	-	-	55.51	39.29	12.82	0.71	-	51.40	4.11	
Sub Total B	102.97	0.28	-	103.25	97.44	4.90	-	-	102.34	0.91	
	100.84	2.13	-	102.97	79.53	18.63	0.71	-	97.45	5.52	
<b>TOTAL (A+B)</b>	<b>1,849.42</b>	<b>69.31</b>	<b>383.23</b>	<b>1,535.50</b>	<b>1,161.45</b>	<b>77.89</b>	<b>-</b>	<b>363.97</b>	<b>875.37</b>	<b>660.13</b>	
Balance as of 31 <sup>st</sup> March 2015	1,750.79	98.63	0.00	1,849.42	1,206.67	96.93	142.14	0.00	1,161.46	687.96	

Current year figures are in bold.

During the Year Company has sold some of its Fixed Assets (Refer Note - 25.15)

**Note 11 Non Current Investments**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
<b>Investments (At Cost) :</b>		
Investment in the Shares of Industrial Co-Operative Societies	4.45	4.61
	4.45	4.61
Less : Provision for diminution*	4.45	4.61
Total	-	-

\* full Provision for diminution in Investment was done on 31<sup>st</sup> March 2008

**NOTE:**

Details of Investments in the Shares of Industrial Co-Operative Societies within MGTL Premises

Sr. No.	% of Holding of Company	No. of shares held by Company	Name of Industrial Co-Operative Societies	Rupees in Lakhs	
				As at 31-Mar-16	As at 31-Mar-15
1	41.61%	228	Pragati Ind. Co-Op.Soc. Ltd.	1.14	1.14
2	40.00%	140	Sarvoday Ind. Co-Op.Soc. Ltd.	0.70	0.70
3	37.93%	154	Parishram Ind. Co-Op.Soc. Ltd.	0.77	0.77
4	36.84%	140	Adarsh Ind. Co-Op.Soc. Ltd.	0.70	0.70
5	6.87%	31	Urja Ind. Co-Op.Soc. Ltd.	-	0.16
6	0.50%	1	Ajay Ind. Co-Op.Soc. Ltd.	0.01	0.01
7	0.33%	1	Mahashakti Ind. Co-Op.Soc. Ltd.	-	0.01
8	40.04%	227	Akshay Ind. Co-Op.Soc. Ltd.	1.14	1.14
<b>Total</b>				<b>4.45</b>	<b>4.61</b>

**Note 12 Long -term Loans & Advances**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
<b>1. Capital advances</b>		
Unsecured, considered good	8.03	23.83
<b>2. Security deposits with Government Authorities</b>		
Unsecured, Considered Good	22.29	20.44
Total	<b>30.32</b>	<b>44.27</b>

**Note 13 Inventories**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
1. Raw materials	540.30	713.42
2. Work-in-progress	86.19	109.58
3. Finished goods	337.83	697.85
4. Stock-in-trade	45.49	151.12
5. Stores and spares	5.29	5.32
6. Loose tools	25.42	23.87
Total	<b>1,040.52</b>	<b>1,701.16</b>

**Note 14 Trade Receivable**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
<b>1. Trade Receivables outstanding for less than six months from the date they are due for payment</b>		
a. Secured, Considered good	217.22	475.51
b. Unsecured, Considered good	3,435.10	2,785.07
c. Doubtful	-	-
d. Less: Allowance for trade receivables	-	-
	3,652.32	3,260.58

**Rupees in Lakhs**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
<b>2. Trade Receivables outstanding for more than six months from the date they are due for payment</b>		
a. Secured, Considered good	295.33	193.62
b. Unsecured, Considered good	198.66	28.61
c. Doubtful	169.61	80.20
d. Less: Allowance for trade receivables	169.61	80.20
	493.99	222.23
Total	<b>4,146.31</b>	<b>3,482.81</b>

**Note**

- The Company holds guarantees from banks in respect of secured receivables considered good.

**Note 15 Cash & Bank Balances**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
<b>A. Cash &amp; Cash Equivalents</b>		
1. Cash on hand	0.76	1.72
2. Cheques, Drafts on hand	227.04	256.15
3. Balances with banks		
Current account	0.40	0.41
Cash credit account	80.15	-
Deposit account		
more than 12 months maturity		
less than 12 months maturity		
Total Cash & Cash Equivalents	<b>308.35</b>	<b>258.28</b>
<b>B. Other Bank Balances</b>		
Deposit account having lien		
more than 12 months maturity	-	
less than 12 months maturity	0.59	0.68
Margin money deposits	10.00	10.00
Total Other Bank Balances	10.59	10.68
Total	<b>318.94</b>	<b>268.96</b>

**Note 16 Short- term Loans and Advances**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
<b>1. Security Deposits</b>		
Unsecured considered good	52.16	34.83
<b>2. Prepaid Expenses</b>	11.83	11.86
<b>3. Balances with Government Authorities</b>		
Unsecured considered good		
Balance with Excise	18.12	40.52
Income Tax	-	-
Sales Tax	53.22	45.73
	<b>71.35</b>	<b>86.24</b>
<b>4. Loans and advances to Employees</b>		
Unsecured, considered good	5.02	6.55
	<b>5.02</b>	<b>6.55</b>

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
<b>5. Other loans and advances</b>		
a. Unsecured, considered good	29.14	24.39
b. Doubtful	-	-
c. Less: Allowance for doubtful loans and advances	-	-
	<u>29.14</u>	<u>24.39</u>
<b>Total</b>	<u><b>169.49</b></u>	<u><b>163.88</b></u>

**Note 17 Other Current Assets**

Particulars	Rupees in Lakhs	
	As at 31-Mar-16	As at 31-Mar-15
Interest accrued on deposits	1.96	2.08
<b>Total</b>	<u><b>1.96</b></u>	<u><b>2.08</b></u>

**Note 18 Revenue from Operations**

Particulars	Rupees in Lakhs	
	Year ended on 31-Mar-16	Year ended on 31-Mar-15
<b>Revenue from -</b>		
<b>1. Sale of goods</b>		
Manufactured goods	5,878.56	6,986.37
Traded goods *	2,866.17	4,172.75
<b>2. Rendering services</b>		
<b>3. Other operating revenues</b>		
Hire purchase, lease and rental income	1.98	1.98
Scrap sales	45.30	25.97
Export Benefits	39.49	51.86
Other Operating income	2.02	0.72
	<u>8,833.52</u>	<u>11,239.65</u>
less: Excise duty	33.63	45.44
<b>Total</b>	<u><b>8,799.89</b></u>	<u><b>11,194.21</b></u>
<b>Sales (Number of Tractors)</b>	<b>FY2015-16</b>	<b>FY 2014-15</b>
Manufactured	1218	1496
Traded	613	905

\* Sales of Traded Goods also Includes the Sales of Parts and Accessories of Tractors.

Revenue from Sales is net off Sales Return and Trade Discounts

**Note 19 Other Income**

Particulars	Rupees in Lakhs	
	Year ended on 31-Mar-16	Year ended on 31-Mar-15
1. Interest Income from Bank Deposits	0.93	0.94
2. Interest on overdue trade receivables (Refer Note - 25.13)	118.23	186.55
3. Write back of Dealers Security Deposits (Refer Note - 25.14)	104.73	-
4. Royalty Income	5.34	-
5. Profit on Sale of Fixed Assets (Refer Note - 25.15)	148.67	-
6. Excess Provisions for expenses in earlier year written back	83.96	91.06
<b>Total</b>	<u><b>461.86</b></u>	<u><b>278.55</b></u>

**Note 20 Cost of Raw Material Consumed**

Particulars	Rupees in Lakhs	
	Year ended on 31-Mar-16	Year ended on 31-Mar-15
1. Opening Stock	713.42	571.06
2. Add: Purchases	3,734.64	5,066.23
	<u>4,448.06</u>	<u>5,637.29</u>
3. Less : Closing Stock	540.30	713.42
<b>Total</b>	<u><b>3,907.76</b></u>	<u><b>4,923.87</b></u>

**Note 21 Changes in Inventories of Finished Goods, Work-in-progress and stock-in-trade**

Particulars	Rupees in Lakhs	
	Year ended on 31-Mar-16	Year ended on 31-Mar-15
1. Opening Stock of		
Work in Progress	109.58	122.98
Finished Products Produced & Purchased for sale	848.97	1,236.30
	<u>958.55</u>	<u>1,359.28</u>
2. Less: Closing Stock of		
Work in Progress	86.19	109.58
Finished Products Produced & Purchased for sale	383.32	848.97
	<u>469.51</u>	<u>958.55</u>
<b>Decrease/(Increase) in Stock</b>	<u><b>489.04</b></u>	<u><b>400.73</b></u>

**Note 22 Employee Benefits Expenses**

Particulars	Rupees in Lakhs	
	Year ended on 31-Mar-16	Year ended on 31-Mar-15
1. Salaries, wages, bonus	992.65	935.07
2. Contribution to Provident & other funds	60.60	56.20
3. Gratuity expense	28.89	34.07
4. Staff welfare	47.42	56.18
<b>Total</b>	<u><b>1,129.56</b></u>	<u><b>1,081.52</b></u>

**Note 23 Finance Costs**

Particulars	Rupees in Lakhs	
	Year ended on 31-Mar-16	Year ended on 31-Mar-15
1. Interest on loans from Government of Gujarat	45.94	45.94
2. Interest on ICD from M&M	73.33	73.13
3. Bank Interest	4.79	19.30
4. Bank Charges	8.80	7.49
<b>Total</b>	<u><b>132.86</b></u>	<u><b>145.86</b></u>

**Note 24 Other Expenses**

Sl. No.	Particulars	Rupees in Lakhs		Sl. No.	Particulars	Rupees in Lakhs	
		Year ended on 31-Mar-16	Year ended on 31-Mar-15			Year ended on 31-Mar-16	Year ended on 31-Mar-15
				12.	Travelling & Conveyance Expenses	189.14	201.06
1.	Stores consumed	9.03	10.93	13.	Subcontracting, Hire & Service Charges	162.22	132.24
2.	Tools consumed	1.86	2.21	14.	Provision for doubtful trade and other receivables, loans and advances	94.16	23.40
3.	Power and fuel	44.57	51.69	15.	Auditors' remuneration	2.32	2.92
4.	Rent including lease rentals	19.16	10.43	16.	Miscellaneous expenses	108.21	121.84
5.	Rates and taxes	41.81	27.76	17.	Provision for warranty	11.78	17.84
6.	Insurance	5.09	2.61	18.	Incentives and Discount Allowed to Customers	229.90	209.96
7.	Repairs and maintenance			20.	Bad Debt Written off	4.76	-
	- Buildings	14.73	20.90		Less:-Provision for Doubtful Debt written back	(4.76)	-
	- Machinery	14.27	29.88	21.	Bad Advances Written off	0.16	-
	- Others	8.83	7.89		Less:-Provision for Doubtful Advances written back	(0.16)	-
8.	Postage, Telephone and Communication	20.59	20.36				
9.	Legal and Professional Charges	62.54	49.89				
10.	Freight outward	333.20	335.74				
11.	Sales promotion expense	71.44	120.77				
					<b>Total</b>	<b>1,444.85</b>	<b>1,400.32</b>

**Note 25 Additional Information**

**25.1 Provisions**

Disclosures in pursuance of the Accounting Standard 29 "Provisions, Contingent Liabilities And Contingent Assets" notified under Companies (Accounting Standards) Rules, 2006.

(Rupees in Lakhs)					
	Balance at the beginning of the year	Provision made during the period	Provision used during the period	Provision written back during the period	Balance at the end of the period
Provision for Warranties	27.04	13.68	17.37	1.90	21.45
	(29.38)	(17.84)	(20.18)	-	(27.04)

(figures in bracket represent annual figures of FY 2014-15)

Provision for warranty has been recognised for expected warranty claims on products sold during the last two financial years. It is expected that the majority of this expenditure will be incurred in the next financial year, and all within two years of the balance sheet date.

**25.2 Contingent Liabilities**

- I Bills discounted but not matured Rs. 89.60 lakhs (As of 31<sup>st</sup> March 2015 : Rs. 82.91 lakhs) - represents customers bills discounted.
- II Bank Guarantee not provided for Rs. 13.50 lakhs (As of 31<sup>st</sup> March 2015 : Rs. 12.50 lakhs) issued for Sales Tax matters
- III As per the records of the Income Tax Department, there is a outstanding demand of Rs. 34.60 lakhs against the Company. This demand includes old dues of Rs. 4.22 lakhs of A.Y. 1961-62 and Rs. 1.90 lakhs of A.Y. 1978-79, which Company has disputed stating that demand pertains to Hindustan Tractors Limited and period covers before take over by Gujarat Tractor Corporation Ltd., therefore not liable to pay, which is the decision of the Gujarat High Court in one of the Appeal of the Company. Rs. 28.45 lakhs demand of A.Y.2013-14 due to disallowance of business expenditure, against which Company has filed appeal with CIT(A).
- IV The Company is anticipating to enter into an agreement / MoU for Settlement with various non Hire Purchase Industrial Co-Operative Societies and Ancillaries within MGTL Premises, therefore may require to pay Compensation to Co-Operative Societies or its members. Amount of such Compensation is not yet quantified.
- V The Company has entered into an agreement/MoU with Private Sector Banks and NBFCs for retail funding for providing loan to customer who buy MGTL's Tractors. The said MOU also contains a clause on loss sharing in case of default in repayment by customer or loss incurred in case of repossession of asset and its resale. Anticipated loss from these agreements/MoUs are not quantified as of now. Company is obtaining undertaking from its dealers to ensure no default in terms of these agreements.
- VI Considering book losses the Board of Directors had not declared dividend on cumulative redeemable preference share since allotment. Thus no provision had been made for 8.5% dividend, amounting to Rs. 631.46 lakhs on cumulative redeemable preference shares for the period from 23<sup>rd</sup> May, 2000 (being the date of allotment) to the preceding year ended 31<sup>st</sup> March, 2015 and Rs. 42.50 lakhs for the current year, and additional tax thereon.

**25.3 Employees benefits**
**(A) Defined Benefit Plans**

Company's liabilities towards Gratuity and Leave Encashment are ascertained by an independent actuarial valuation as per the requirements of Accounting Standard -15 (revised 2005) on "Employee Benefits" as issued by the Institute of Chartered Accountants of India.

The following tables set out the details of amount recognized in the financial statements in respect of employee benefit schemes.

**Defined benefit plans (Gratuity - unfunded) - As per actuarial valuations as on March, 2016**

Sr.	Particulars	Rupees in Lakhs	
		31-Mar-16	31-Mar-15
I.	Expense recognized in Statement of Profit and Loss		
a.	Current Service Cost	12.88	13.36
b.	Interest cost	21.80	23.44
c.	Expected return on Plan Assets	-	-
d.	Actuarial (Gain)/Loss	(5.79)	(2.73)
e.	Additional charge/ (write-back) on account of change in Policy	-	-
f.	Net expense recognised in Statement of Profit & Loss (under head Gratuity expense in Note - 22 Employee Benefits Expense)	28.89	34.07
II.	Actual Benefit Payments for period ended March 31,2016		
a.	Actual Benefit Payments	63.90	54.61
III.	Changes in Obligation during the year		
a.	Obligation as at the beginning of the year	272.50	293.04
b.	Current service cost	12.88	13.36
c.	Interest cost	21.80	23.44
d.	Accrued value of short term o/s leave	-	-
e.	Actuarial (Gain)/Loss	(5.79)	(2.73)
f.	Benefits Paid	(63.90)	(54.61)
g.	Present Value of Obligation as at the end of the year	237.49	272.50
IV.	Changes in Plan Assets during the period		
a.	Fair Value of Plan Assets as at the beginning of the year	-	-
b.	Expected return on Plan assets	-	-
c.	Actuarial (Gain)/Loss	-	-
d.	Contributions	-	-
e.	Benefits Paid	-	-
f.	Fair Value of Plan Assets as at the end of the year	-	-

Sr.	Particulars	Rupees in Lakhs	
		31-Mar-16	31-Mar-15
V	Net Assets/Liabilities recognized in the Balance Sheet		
a.	PV of Obligation as at the end of the year	237.49	272.50
b.	Fair Value of Plan Assets as at the end of the year	-	-
c.	Net Liabilities/(Assets) recognised in the Balance Sheet at year end	237.49	272.50
d.	Non Current - Long Term Provision	213.74	245.25
e.	Current - Short Term Provision	23.75	27.25
VI	Principal Actuarial Assumptions		
a.	Discount rate (per annum) (Refer Note-i)	8.00%	8.00%
b.	Expected return on Plan Assets (per annum)	N.A.	N.A.
c.	Expected increase in salary costs (per annum) (Refer Note-ii)		
d.	Salary escalation	5.00%	5.00%

**Notes :**

- Discount rate is determined by reference to market yields at the Balance Sheet date on Government Bonds, where the currency and terms of the Govt. Bonds are consistent with the currency and estimated terms for the benefit obligation.
- The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**(B) Defined Contribution Plans**

The Company has recognized, in the statement of profit and loss for the year ended 31<sup>st</sup> March, 2016, following amounts as expenses under defined contribution plan under note 22 Employee Benefits Expenses

	(Rupees in Lakhs)	
	2015-16	2014-15
Contribution to Provident Fund	51.63	51.24

**25.4 Components of Deferred Tax Assets/(Liability)**

	(Rupees in Lakhs)	
	31-Mar-16	31-Mar-15
Deferred tax Asset		
Gratuity & Leave Encashment	77.05	116.13
Bonus	0.66	6.49
Provision for Doubtful Debts & Advances	56.07	27.17
Deferred tax liability		
Depreciation	(68.06)	(79.06)
<b>Net Deferred Tax Asset</b>	<b>65.72</b>	<b>70.73</b>

Deferred tax asset has not been recognised in absence of virtual certainty as to realisation there of against future taxable income.

**25.5** The Company has revised its policy of providing depreciation on fixed assets effective 1<sup>st</sup> April 2014, to be in line with Industry and Holding Company. Depreciation is now provided on straight line basis for all assets as against the policy of providing on written down value basis. As a result of change in method of depreciation from WDV to SLM and recomputation of depreciation retrospectively, Surplus of Rs. 173.26 lakhs arises for the period prior to 1<sup>st</sup> April, 2014 which has been shown as an "Exceptional Item" in the Statement of Profit & Loss.

During the period ended on 31<sup>st</sup> March, 2015 the Company has realigned its depreciation policy in accordance with Schedule-II to Companies Act, 2013. Consequently w.e.f. 1<sup>st</sup> April 2014 : (a) carrying value of assets is now depreciated over its revised remaining useful life. (b) where the remaining useful life of the assets is 'Nil' as on 1<sup>st</sup> April 2014, carrying value of assets after keeping residual value has been adjusted against opening reserves amounting to Rs. 31.13 lakhs in accordance with transitional provision of Schedule-II.

The Company has adopted the useful life provided in the Schedule-II of the Companies Act, 2013 without technical evaluation of Life of the Assets.

**25.6** During FY 2014-15, Company had signed settlement agreement with The Urja Auto Industrial Co-Operative Society Ltd. and The Mahashakti Industrial Co-Operative Society Ltd. to terminate the MoUs/Agreements signed by the Company. Company has paid total compensation of Rs. 134.29 lakhs to both the Societies, which was disclosed as "Exceptional Item" in the Statement of Profit & Loss.

**25.7** The Company has, by applying the definitions of 'Business Segment' and 'Geographical Segment', contained in Accounting Standard 17 "Segment Reporting", concluded that there is neither more than one Business Segment nor more than one Geographical Segment, and therefore segment information as per Accounting Standard 17 is not required to be disclosed.

**25.8 Related Party Disclosures for the year ended 31<sup>st</sup> March, 2016**

**A. Related Party and their relationship**

Ultimate Holding Company:	Mahindra & Mahindra Limited (M&M)
Fellow Subsidiaries:	Mahindra Logistics Limited
Key Management Personnel:	Mr. Shri Om Tyagi - Manager Mr. Ashok Panara - Chief Financial Officer Mr. Sumeet Maheshwari - Company Secretary

**B. Transactions with the related parties**

Particulars	Ultimate Holding Company Mahindra & Mahindra Limited		Fellow Subsidiaries		(Rupees in Lakhs) Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<u>Income</u>						
Sales of goods	(166.30)	(282.93)	-	-	(166.30)	(282.93)
Job work income						
Expenses reimbursed (Receipt)	(2.00)	(0.30)	-	-	(2.00)	(0.30)
<u>Expenses</u>						
Purchase of Tractors	1,925.62	2,855.41		-	1,925.62	2,855.41
Purchase of Other components	1,336.21	1,674.73	255.07	220.66	1,591.28	1,895.39
Services received	166.99	134.03	52.74	15.15	219.73	149.18
Expenses reimbursed	41.29	65.94	-	-	41.29	65.94
Interest	73.33	73.13	-	-	73.33	73.13
Purchase of Assets	1.32	-	-	-	1.32	-
<u>Year End Balances</u>						
Amount Payable	2,472.53	2,089.77	1.31	5.60	2,473.84	2,095.37
Amount Payable (in respect of loan and interest)	942.39	942.39	-	-	942.39	942.39

**The Significant Related party transactions are as under:**

Sr. no	Nature of Transactions	Name of Related Party	2015-16	2014-15
1	Purchase of Tractors	Mahindra & Mahindra Ltd	1,925.62	2,855.41
2	Purchase of Other components	Mahindra & Mahindra Ltd	1,336.21	1,674.73
3	Services received	Mahindra & Mahindra Ltd	166.99	134.03
4	Expenses reimbursed	Mahindra & Mahindra Ltd	41.29	65.94
5	Interest	Mahindra & Mahindra Ltd	73.33	73.13
6	Purchase of Assets	Mahindra & Mahindra Ltd	1.32	-
7	Sales of Tractor parts	Mahindra & Mahindra Ltd	166.30	282.93

**25.9 Earnings/(Loss) Per Share (EPS) Calculation (basic and diluted):**

	(Rupees in Lakhs)	
	31-Mar-16	31-Mar-15
i. Profit after taxation	74.17	450.26
ii. Dividend on Pref. shares (Note 3)	(42.50)	(42.50)
iii. Tax on Dividend (Note 3)	(7.22)	(7.22)
Total	24.44	400.54
iv. Weighted average number of equity shares used as the denominator	153.02	153.02
v. Nominal values of equity share (Rupees)	10.00	10.00
vi. Earnings Per Equity Share (Rupees)	0.16	2.62

**25.10 Value of Raw Materials Consumed:**

	(Rupees in Lakhs)			
	2015-16		2014-15	
	Quantity	Amount	Quantity	Amount
Crankshaft (Nos)	1,228	52.35	1,419	54.55
Tyres and Tubes (Nos.)	9,699	374.34	11,516	488.32
Wheel Rims (Nos.)	4,579	115.60	5,684	131.82
FIP (Nos)	1,171	101.77	1,370	117.25
Transmission Assly (Nos)	1,130	1,303.46	1,415	1,690.22
Battery (Nos)	1,186	43.60	1,446	59.77
Others		1,916.64		2,381.94
		3,907.76		4,923.87

Notes :

- The consumption in value has been ascertained on the basis of opening stock plus purchases less closing stock and includes the adjustment of excesses and shortages as ascertained on physical count and write-off of obsolete and unserviceable raw material and components.
- The consumption in value shown against others is a balancing figure based on the total consumption shown in the Statement of Profit and Loss.

**25.11 Value of Imported and Indigenous Raw Material Consumed:**

	(Rupees in Lakhs)			
	2015-16		2014-15	
	%	Amount	%	Amount
Raw Material, Components & Spare Parts Imported	-	-	-	-
Indigenous	100	3,907.76	100	4,923.87
	100	3,907.76	100	4,923.87

**25.12 Payment to Statutory Auditor for other services**

	2015-16	2014-15
For Other Services	-	-
Reimbursement of Expenses	-	-
Total	-	-

**25.13** Company Charge Interest @ 15% p.a. on overdue outstanding of recoverable amount from dealers being recognised based on confirmation and certainty of income. During the period ended on 31st March 2016, The Company has recognised revenue of Rs. 118.23 lakhs (FY2014-15: Rs. 186.55 lakhs) towards Interest on overdue payments from Customers for the period of 1<sup>st</sup> Oct'14 to 30<sup>th</sup> Sept'15.

**25.14** During the year Company has taken write back of old and unclaimed security deposits of Rs. 104.73 lakhs of its Dealers who had closed down Business and not claimed since long.

**25.15** During the year Company has sold/discard off of its certain old and not in use Fixed Assets following e-Auction Process and Profit on Sale of Fixed Assets of Rs. 148.67 lakhs is disclosed at Note-19 Other Income. Gross Block value and Accumulated Depreciation pertains to the assets sold are reduced and disclosed in the Fixed Assets Note - 10 in the Financial Statement

**25.16 Research and Development Expenditure**

Revenue expenditure on Research and Development Rs. 13.83 lakhs (previous year Rs. 11.65 lakhs) is charged to the Statement of Profit and Loss in the year in which it is incurred.

**25.17 Status of Assessment Completed for following Statutes as of 31<sup>st</sup> March'16**

Statute	Period
Income Tax	AY2013-14
Sales Tax (HO - Gujarat)	FY2011-12
Excise & Service Tax	till 31st March 2015

**25.18** Figures as of 31<sup>st</sup> March, 2015 have been regrouped/re-classified accordingly to conform it to the classification as of 31<sup>st</sup> March, 2016

**25.19** Figures have been rounded off to nearest Rupees in Lakhs upto two decimal unless specifically mentioned at respective place

**25.20 Statement of Management**

The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary course of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities are adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.

Balance Sheet, Statement of Profit & Loss and Cash Flow statement read together with the schedules to the accounts and notes thereon, are drawn up so as to disclose the information required under The Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at the end on 31<sup>st</sup> March, 2016 and results of the Company for the period under review.

In terms of our report attached

For **Bipin & Company**

Chartered Accountants

Firm Regn. no : 101509W

**CA. Pradeep K. Agrawal**

Partner

Membership No.: 116612

Place : Vadodara

Date : 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**K. Chandrasekar**

Director

**C. J. Mecwan**

Director

**Shri Om Tyagi**

Manager

**Ashok Panara**

Chief Financial Officer

**Sumeet Maheshwari**

Company Secretary

Place : Mumbai

Date : 5<sup>th</sup> May, 2016

## BOARD'S REPORT

Your Directors present their sixteenth Report, together with the audited financial statements of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Rupees in Lakhs)	
	For the Year ended 31 <sup>st</sup> March, 2016	For the Year ended 31 <sup>st</sup> March, 2015
Total Income.....	15,398.18	15,849.10
Profit before Interest, Depreciation and Tax.....	711.42	783.44
Interest .....	18.09	43.91
Profit/(Loss) before Depreciation and Tax.....	693.33	739.54
Depreciation.....	16.85	22.27
Profit/(Loss) before Tax.....	676.48	717.27
Provision for Tax		
– Current Year.....	255.00	265.00
– Deferred Tax .....	(20.22)	(46.62)
Profit for the year after provision for Tax.....	441.70	498.89
Balance of Profit brought forward from earlier years.....	787.44	289.18
Depreciation on transition to Schedule II of the Companies Act, 2013	–	(0.63)
Profit carried to Balance Sheet.....	1,229.14	787.44
<b>Net Worth</b>	<b>2,570.59</b>	<b>2,128.89</b>

No material changes and commitments have occurred after the closure of the Financial Year 2015-16 till the date of this Report, which would affect the financial position of your Company.

#### Change in the Name of the Company

During the year under review, the name of your Company, has been changed from Mahindra Shubhlabh Services Limited to Mahindra Agri Solutions Limited with effect from 25<sup>th</sup> February, 2016 pursuant to the approval received from the Registrar of the Companies.

#### Operations

During the year, grapes export volume increased to 717 containers and 9,850 MT from 662 containers and 9,650 MT over the previous year. This growth has been achieved despite entire grapes cultivation across Maharashtra having been affected by unseasonal rains and hail storm which led to destruction of standing crops during season 2015. Your Company is further glad to inform that it has increased grapes exports from Egypt to 33 containers (MT 458) from 10 containers (MT 135), initiated grape exports from Peru by exporting 3 containers (MT 55) and has diversified exports to newer markets like China and Canada. Your Company is the pioneer in the grapes business for export to Canada from India. These initiatives will open up new avenues of growth in the future. Your Company's signature Khet-Se-Kaliyan-Tak ("KSKT") initiatives adopted by it over the last few years have

been further strengthened by engaging with International experts and arranging their visits to farms. Your Company also took an initiative of financially supporting farmers whose crops got severely damaged during last season's hail storms. This has been widely appreciated by the farmer community. Your Company also undertook several initiatives under its CSR projects in areas of health care (conducted eye camps), underprivileged girl child care (Nanhi Kali) and plantation of trees. Your Company continued participating and exhibiting in International Fruit exhibitions and conferences like Asia Fruit Logistica at Hongkong and Fruit Logistica at Berlin.

The Company has placed strict controls on the chemicals residue which is being continuously managed over the season. Consequently, there have been no quality issues in the current Financial Year pertaining to the export markets.

Your Company has also acquired 314 acres of land on lease for banana cultivation in the areas of Gujarat and Madhya Pradesh and has completed plantations on 290 acres. Harvesting of bananas will begin in the current year.

#### Purchase of the Agri Business of Mahindra and Mahindra Limited by the Company based on fair valuation and matters related thereto

Your Company has entered into a Business Transfer Agreement on 30<sup>th</sup> March, 2016 with its holding company, Mahindra & Mahindra Limited (M&M), whereby the entire assets and



liabilities of the following Agri businesses of M&M will be transferred to your Company on a slump sale basis:

- A. i) Crop Care ii) Seeds iii) Pulses iv) Samriddhi and Pilot projects consisting of Edible Oil, Basmati Rice, Potato, Potato flakes and Dairy, together with congeries of rights of M&M in such activities;
- B. 47,30,000 Equity Shares of Rs. 10 each held by M&M in the equity share capital of Mahindra HZPC Private Limited, which is a subsidiary of M&M at an aggregate consideration of Rs. 26,006.00 lakhs. The consideration has been arrived at by a valuation done by an independent valuation firm. The transfer would be made effective from 1<sup>st</sup> April, 2016.

#### Outlook for the Current Year

The transfer of various agri businesses from your holding company will create maximum synergies and create value for all stakeholders apart from aligning to the long term vision of Agri business of delivering Farm Tech Prosperity. Your Company's various initiatives taken to expand its grapes exports would further bear fruits in the current year.

#### Dividend

Your Directors have not recommended dividend with a view to conserve resources for the future growth of your Company. Further, your Board decided not to transfer any amount to the General Reserve.

#### Subsidiary Company

As on 31<sup>st</sup> March, 2016, your Company has one subsidiary company Mahindra UNIVEG Private Limited ("MUPL") which was incorporated in 2014, to undertake the domestic development of the Fresh Produce supply chain for distribution to Indian markets, imports of Fresh Produce to India and exports (other than grapes which would remain with your Company). MUPL, is trading in various imported and local fruits. Your Company holds 60% of the share capital and voting power of MUPL. During the year, MUPL earned revenues of Rs. 4,658 lakhs and recorded a loss of Rs. 189 lakhs.

A Report on the performance and financial position of MUPL is provided in Form AOC-1 and forms part of this Annual Report.

#### Amendment to the Articles of Association

The Company adopted a new Articles of Association ("AoA") which had been streamlined and aligned with the Companies Act, 2013.

#### Alteration of Object Clause(s) in the Memorandum of Association of the Company

In view of the diversification into new businesses, your Company made consequential amendments to the Memorandum of Association of your Company to explore new lines and avenues of business.

#### Share Capital

The authorised share capital of your Company increased from Rs. 60,00,00,000 (Sixty crores) to Rs. 75,00,00,000 (Seventy Five crores).

The paid-up share capital of your Company as on 31<sup>st</sup> March, 2016 stood at Rs.13,41,45,140 divided into 1,34,14,514 Equity Shares of the face value Rs. 10 each.

#### Transfer of Equity Shares from Mahindra Holdings Limited to Mahindra and Mahindra Limited thereby making your Company a wholly owned subsidiary of Mahindra and Mahindra Limited

Mahindra Holdings Limited had sold its entire holding of Equity Shares held in your Company amounting to 12,02,114 Equity Shares to Mahindra and Mahindra Limited at Rs.47.5 per share for an aggregate consideration of Rs. 5,71,00,415 with effect from 9<sup>th</sup> February, 2016, thereby making your Company, a wholly owned subsidiary of Mahindra and Mahindra Limited.

#### Board of Directors

The Board comprises of six Directors out of which three are Independent Directors as under:

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive	Independent/ Non Independent
1	Dr. Pawan Kumar Goenka	00254502	Non-Executive Director	Non Independent
2	Mr. Ashok Sharma	02766679	Managing Director	Non Independent
3	Mr. K. Chandrasekar	01084215	Non-Executive Director	Non Independent
4	Mr. M. G. Bhide	00001826	Non-Executive Director	Independent
5	Mr. Hardeep Singh	00088096	Non-Executive Director	Independent
6	Ms. Aruna Bhinge	07474950	Non-Executive Director	Independent

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 29<sup>th</sup> March, 2016 appointed Dr. Pawan Kumar Goenka as an Additional Director with effect from 29<sup>th</sup> March, 2016.

At the same Board Meeting, Mr. Ashok Sharma resigned as the Chairman of your Company and Dr. Pawan Kumar Goenka was appointed as the Chairman of the Board.

Based on the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 29<sup>th</sup> March, 2016 appointed Mr. Ashok Sharma as the Managing Director and Chief Executive Officer of your Company for a term of five years with effect from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2021 (both days inclusive) consequent to the resignation of Mr. Vikram Puri as the Manager and Chief Executive Officer of your Company.

Further, pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 29<sup>th</sup> March, 2016 also appointed Ms. Aruna Bhinge as an Additional Director and her appointment as an Independent Director was recommended to the Members.

Mr. Anoop Mathur and Dr. Veena Mishra resigned as Directors of your Company. The Board placed on record its deep appreciation of the invaluable counsel rendered by Mr. Anoop Mathur and Dr. Veena Mishra to the Board.

The Directors have wide experience in business related to trading, finance and general corporate management.

Mr. Ashok Sharma retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

The Company has received a declaration in Form DIR-8 as prescribed under section 164 of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2013 from Mr. Ashok Sharma that he is not disqualified from being appointed as a Director of your Company pursuant to section 164 of the Companies Act, 2013. All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company. Further, your Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

#### Number of Meetings of the Board

Your Board of Directors met six times during the year under review i.e. on 30<sup>th</sup> April, 2015, 29<sup>th</sup> July, 2015, 27<sup>th</sup> October, 2015, 28<sup>th</sup> January, 2016, 11<sup>th</sup> February, 2016 and 29<sup>th</sup> March, 2016. The gap between two consecutive Board Meetings did not exceed 120 days.

Directors	Number of Board Meetings attended
Dr. Pawan Kumar Goenka *	1
Mr. Ashok Sharma	6
Mr. K. Chandrasekar	5
Mr. M. G. Bhide	6
Mr. Hardeep Singh #	5
Ms. Aruna Bhinge *	1
Mr. Anoop Mathur ^	4
Dr. Veena Mishra ^	3

\* Dr. Pawan Kumar Goenka and Ms. Aruna Bhinge were appointed as Additional Directors with effect from 29<sup>th</sup> March, 2016.

# Mr. Hardeep Singh participated in one Board Meeting through Video Conferencing.

^ Ceased to be Directors with effect from 29<sup>th</sup> March, 2016.

#### Meeting of Independent Directors

The Independent Directors of the Company met on 27<sup>th</sup> October, 2015 without the presence of the Chairman, the other Non-Executive Directors, Chief Executive Officer and Manager, Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of the Board as a whole, review the performance of the Chairman of the Company, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

- in the preparation of the annual accounts for the Financial Year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed;
- the Directors had in consultation with Statutory Auditors, selected 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<sup>st</sup> March, 2016 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care 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 irregularities;
- the Directors have prepared the annual accounts on a going concern basis; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the Financial Year ended 31<sup>st</sup> March, 2016.

#### Evaluation of Directors

The Nomination and Remuneration Committee has carried out an evaluation of the performance of the Directors individually. Structured questionnaires covering various aspects such as attendance record, possessing sufficient skills, experience and level of preparedness, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business/activities and understanding of industry and global trends, etc., were adopted and feedback from Directors on the same was received and analysed as part of the evaluation process. The Directors expressed their satisfaction with the evaluation process.

#### Codes of Conduct

The Company had adopted Codes of Conduct for Corporate Governance ("the Code(s)") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members and the Senior Management and Employees of the Company affirming compliance with the respective Codes.

#### Key Managerial Personnel

The following have been designated as the Key Managerial Personnel of the Company pursuant to sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Mr. Ashok Sharma, Managing Director and Chief Executive Officer
- Ms. Jyoti Walunj, Chief Financial Officer, and
- Mr. Feroze Baria, Company Secretary.

Mr. Ashok Sharma was appointed as Managing Director and Chief Executive Officer with effect from 1<sup>st</sup> April, 2016 consequent upon the resignation of Mr. Vikram Puri as the Manager of the Company. Ms. Jyoti Walunj was appointed as Chief Financial Officer with effect from 30<sup>th</sup> March, 2016 consequent upon the resignation of Mr. Anil Saboo, the earlier Chief Financial Officer of the Company with effect from the close of working hours on 29<sup>th</sup> March, 2016.

### Committees of the Board

#### Audit Committee

The Composition of the Audit Committee is as follows:

Members	Designation	Number of Audit Committee Meetings attended
Mr. M. G. Bhide	Chairman	3
Mr. K. Chandrasekar	Member	3
Mr. Hardeep Singh <sup>#</sup>	Member	3

<sup>#</sup> Mr. Hardeep Singh participated in one Audit Committee Meeting through Video Conferencing.

All the Members of the Committee possess strong accounting and financial management knowledge. The Audit Committee met thrice during the year under review, i.e. on 30<sup>th</sup> April, 2015, 27<sup>th</sup> October, 2015 and 11<sup>th</sup> February, 2016.

All the recommendations of the Audit Committee were accepted by the Board.

#### Corporate Social Responsibility Committee

The composition of the Corporate Social Responsibility Committee is as follows:

Members	Designation	Number of Corporate Social Responsibility Committee Meetings attended
Ms. Aruna Bhinge	Chairperson	–
Mr. M. G. Bhide	Member	2
Mr. Ashok Sharma	Member	2
Mr. K. Chandrasekar	Member	1

The Corporate Social Responsibility Committee was re-constituted with the induction of Ms. Aruna Bhinge as its Chairperson with effect from 29<sup>th</sup> March, 2016 and resignation of Mr. M. G. Bhide. However, Mr. Bhide continues to be a Member of the Committee.

The CSR Committee met twice during the year under review, i.e. on 29<sup>th</sup> July, 2015 and 28<sup>th</sup> January, 2016.

#### Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is as follows:

Members	Designation	Number of Nomination and Remuneration Committee Meetings attended
Mr. M. G. Bhide	Chairman	2
Dr. Pawan Goenka	Member	–
Mr. Ashok Sharma	Member	2
Mr. Hardeep Singh	Member	2

Pursuant to section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee was re-constituted with the induction of Dr. Pawan Goenka as its Member with effect from 29<sup>th</sup> March, 2016 and resignation of Mr. Ashok Sharma as its Member.

The Nomination and Remuneration Committee met twice during the year under review, i.e. on 30<sup>th</sup> April, 2015 and 29<sup>th</sup> March, 2016.

#### Company's Policy for Appointment and Remuneration of the Directors, Key Managerial Personnel and other employees

Your Board has, on the recommendation of the Nomination and Remuneration Committee, approved a Policy for Appointment and Remuneration of the Directors, Key Managerial Personnel and other employees as provided under section 178(3) of the Companies Act, 2013 which is furnished and attached to this Report as Annexure I.

Pursuant to the approval of the Members at the Fifteenth Annual General Meeting of the Company held on 29<sup>th</sup> July, 2015, the Company also pays commission to the eligible Independent Directors upto a maximum of 1% of the net profits of the Company as specifically computed for this purpose or Rs. 5 lakhs per Independent Director, whichever is lower.

#### Risk Management Policy

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any, which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

#### Corporate Social Responsibility Policy

Your Company has adopted a Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of the Companies Act, 2013.

The Annual Report on Corporate Social Responsibility activities of the Company is furnished in Annexure II and is attached to this Report.

#### Statutory Auditors

At the Fifteenth Annual General Meeting, Messrs Deloitte Haskins & Sells, Chartered Accountants, Baroda (ICAI Registration Number 117364W) were appointed as the Statutory Auditors of your Company to hold office from the conclusion of the Fifteenth Annual General Meeting till the conclusion of the Sixteenth Annual General Meeting.

Messrs Deloitte Haskins & Sells, Chartered Accountants have given a written consent to act as Statutory Auditors of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Members are requested to appoint Statutory Auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure III and is attached to this Report.

#### **Particulars of Employees as required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Being an unlisted company, the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

#### **Particulars of Public Deposits, Loans, Guarantees or Investments**

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

There are no Loans, Guarantees and Investments which are required to be disclosed as covered under the provisions of section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the Annual Accounts of the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent company Mahindra and Mahindra Limited.

#### **Particulars of Transactions with Related Parties**

There are no contracts or arrangements with related parties of the Company referred to under section 188(1) of the Companies Act, 2013 which are required to be disclosed in the Report.

#### **Extract of Annual Return**

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration)

Rules, 2014, an extract of the Annual Return as on 31<sup>st</sup> March, 2016 in Form No. MGT 9 is attached herewith as Annexure IV and forms part of this Report.

#### **Internal Financial Controls**

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

#### **Reporting of Frauds by Auditors**

There has been an instance of fraud detected by the Company during the year. As you are aware your Company was engaged in domestic trading of Apples and other fruits till December, 2014. The Company had appointed permanent and contract employees to procure fruits from farmers and aggregators in the apple growing regions of Himachal Pradesh and Jammu & Kashmir (J&K). Some of these employees colluded and conspired with an aggregator in J&K and misappropriated advances amounting to Rs.67 lakhs released by the Company to the said aggregator and an apple grower. Rs. 22.44 lakhs has since been recovered, with balance being provided for in the current financial year.

The Company has further initiated following actions:

1. Lodged a criminal complaint against the employees, aggregator and an apple grower under various sections of the Ranbir Penal Code.
2. Filed criminal complaint under the Negotiable Instruments Act against an ex-employee for dishonour of cheques.

#### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

During the year under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

#### **Safety, Health and Environmental Performance**

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied by your Company.

#### **Sustainability**

Your Company continues with its journey on sustainable development with conscious efforts to minimise the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

#### **General**

The Disclosure as required under section 197(14) was not applicable for the Financial Year under review.

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review.

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3) (c) of the Companies Act, 2013).

For and on behalf of the Board

**Pawan Goenka**  
Chairman

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016

## ANNEXURE I

### POLICY FOR APPOINTMENT AND REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Agri Solutions Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource Department of the Company.

“**Key Managerial Personnel**” (KMP) refers to Key Managerial Personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD); or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are Members of its Core Management Team excluding Board of Directors comprising of all Members of Management one level below the Directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

The First part of the Policy sets out the approach to appointment of Directors, Key Managerial Personnel and Senior Management Personnel in Mahindra Agri Solutions Limited.

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board Member, the NRC shall take, inter alia, into account the following criteria regarding qualifications, positive attributes and independence of Director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.

3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate Member. The Board through the Chairman or Managing Director or Manager will interact with the new Member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in Senior Management Team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of the Chairman or Managing Director or Manager based on the business need and the suitability of the candidate.

#### II. REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The second part of the Policy sets out the approach to compensation of Directors, Key Managerial Personnel and other employees in Mahindra Agri Solutions Limited.

##### Policy Statement

We have a well-defined Compensation Policy for Directors, Key Managerial Personnel and all employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

### **NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS**

The NRC shall decide the basis for determining the compensation, both fixed and variable, to the Non- Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders Resolution.

### **Managing Director or Executive Directors or Manager**

The NRC shall decide the basis for determining the compensation, both fixed and variable, to the Managing Director or Executive Director or Manager as the case may be.

### **Key Managerial Personnel (KMPs)**

The terms of remuneration of Key Managerial Personnel of the Company shall be determined in such manner and by such persons as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve the remuneration at the time of their appointment.

The remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

### **Employees**

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade.

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors) in accordance with the ESOP Scheme of the Company as may be formulated and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

**Pawan Goenka**  
Chairman

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016

## ANNEXURE II

### CORPORATE SOCIAL RESPONSIBILITY

#### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

(1) A brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programs.

The Company will focus its efforts within the constituencies of farmers, youth, girls and weaker sections of society through programs designed in the domains of health, environment and education.

The Company’s commitment to CSR will be manifested by investing resources in any of the following areas -

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, weather resistant accommodation to migrant poor farm field workers and making available safe drinking water;
2. Promoting and instituting education including scholarships for higher education, special education and employment enhancing vocation skills especially among farmers, children, women, elderly and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

5. Contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
6. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
7. Rural development projects.

(2) The Composition of the CSR Committee.

The CSR Committee of the Board comprises of the following Board members:

Members	Designation
Ms. Aruna Bhinge	Chairperson
Mr. Ashok Sharma	Member
Mr. K. Chandrasekar	Member

- (3) Average net profit of the company for last three Financial Years: Rs. 685.71 lakhs
- (4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 13.71 lakhs
- (5) Details of CSR spent during the Financial Year:
  - (a) Total amount to be spent for the Financial Year: Rs. 13.71 lakhs
  - (b) Amount unspent, if any: Nil
  - (c) Manner in which the amount spent during the Financial Year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the project is covered (As in Schedule VII)	Projects or programs 1) Local areas or Other 2) Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (Rs. in lakhs)	Amount spent on the project or programs 1) Direct expenditure on projects or programs 2) overheads (Rs. in lakhs)	Cumulative Expenditure upto the reporting period (Rs. in lakhs)	Amount spent: direct or through implementing agency *
1.	Tree Plantation	Environmental Sustainability	Nashik, Maharashtra	2.29	Nil	2.29	Partly direct and partly through an agency
2.	Eye check-up	Healthcare including preventive health care	Nashik, Maharashtra	3.23	Nil	3.23	Partly direct and partly through an agency
3.	Installation of Water Purifier at Nashik	Healthcare including preventive health care	Nashik, Maharashtra	1.46	Nil	1.46	Partly direct and partly through an agency
4.	Nanhi Kali	Promotion of Education	Mumbai, Maharashtra	6.98	Nil	6.98	Partly direct and partly through an agency
	<b>TOTAL</b>			<b>13.96</b>	<b>Nil</b>	<b>13.96</b>	

\*\* Give details of implementing agency: SR Agro Services; Reliable Industries, Nashik; Tulsi Eye Hospital, Nashik

6. In case the company has failed to spend the two per cent, of the average net profit of the last three Financial Years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report – Not applicable, since the Company believes that the above projects and activities fall within the purview of Schedule VII of the Companies Act, 2013.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**Ashok Sharma**  
Chief Executive Officer

**Aruna Bhinge**  
(Chairperson CSR Committee)

Mumbai, 26<sup>th</sup> April, 2016



## ANNEXURE III

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2016

#### (A) Conservation of energy:

(i) the steps taken/impact on conservation of energy:

The operations of your Company are not energy-intensive. However, adequate measures like not switching on the electric lights during day time have been initiated to reduce energy consumption.

(ii) the steps taken by the company for utilizing alternate sources of energy: Nil

(iii) the capital investment on energy conservation equipments: Nil

#### (B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable

(a) the details of technology imported:

(b) the year of import:

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

(iv) The expenditure incurred on Research and Development: Nil

#### (C) Foreign exchange earnings and Outgo: (in terms of actual inflow and outflow)

Foreign exchange earnings and outgo during the year under review are as follows:

(Rupees in lakhs)

Total Foreign Exchange Earned and Outgo:	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Foreign Currency Earnings	10,468.08	8,863.62
Foreign Exchange Outgo	867.08	1,222.03

For and on behalf of the Board

**Pawan Goenka**  
Chairman

Place: Mumbai

Date: 26<sup>th</sup> April, 2016

## ANNEXURE IV

### EXTRACT OF ANNUAL RETURN

Form No. MGT-9

As on the financial year ended on 31.03.2016

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

#### I. REGISTRATION AND OTHER DETAILS:

1.	<b>CIN</b>	U01400MH2000PLC125781
2.	<b>Registration Date</b>	11 <sup>th</sup> April, 2000
3.	<b>Name of the Company</b>	Mahindra Agri Solutions Limited
4.	<b>Category/Sub-Category of the Company</b>	Public Company/Limited by shares
5.	<b>Address of the Registered office &amp; contact details</b>	Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018. Tel.: +91-22-24901441 Fax: +91-22-24975081
6.	<b>Whether listed Company</b>	Yes/No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Not Applicable

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product/service	% to total turnover of the Company
1.	Trading in Fruits	46301	99.34%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra & Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	100	2(46)
2	Mahindra UNIVeG Private Limited Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018, Maharashtra, India	U01403MH2014PTC255946	Subsidiary Company	60	2(87)(ii)

**IV. SHARE HOLDING PATTERN** (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 <sup>st</sup> April, 2015]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March, 2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>A. Promoters</b>									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s).	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	1,34,14,514	1,34,14,514	100	1,34,14,507	7	1,34,14,514	100	0.00
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
<b>Sub-Total (A) (1)</b>	<b>–</b>	<b>1,34,14,514</b>	<b>1,34,14,514</b>	<b>100</b>	<b>1,34,14,507</b>	<b>7</b>	<b>1,34,14,514</b>	<b>100</b>	<b>0.00</b>
<b>2. Foreign</b>									
a. NRIs-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any Other	–	–	–	–	–	–	–	–	–
<b>Sub Total (A) (2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total share-holding of promoter (A)=(A) (1)+ (A) (2)</b>	<b>–</b>	<b>1,34,14,514</b>	<b>1,34,14,514</b>	<b>100</b>	<b>1,34,14,507</b>	<b>7</b>	<b>1,34,14,514</b>	<b>100</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt(s).	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-Total (B) (1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>2. Non- Institution</b>									
a. Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

MAHINDRA AGRI SOLUTIONS LIMITED  
(FORMERLY KNOWN AS MAHINDRA SHUBHLABH SERVICES LIMITED)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 <sup>st</sup> April, 2015]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March, 2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-Total B (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B) (1)+(B) (2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	1,34,14,514	1,34,14,514	100	1,34,14,507	7	1,34,14,514	100	0.00

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 1 <sup>st</sup> April, 2015]			Shareholding at the end of the year [As on 31 <sup>st</sup> March, 2016]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	1,22,12,393	91.04	-	1,34,14,507	100	-	8.96
2	Mahindra Holdings Limited	12,02,114	8.96	-	-	-	-	(8.96)
3	Mahindra & Mahindra Limited Jointly with Mr. K. Chandrasekar*	1	-	-	1	-	-	-
4	Mahindra & Mahindra Limited Jointly with Mr. Ashok Sharma*	1	-	-	1	-	-	-
5	Mahindra & Mahindra Limited Jointly with Mr. C. Krishnadas*	1	-	-	1	-	-	-
6	Mahindra & Mahindra Limited Jointly with Mr. M. A. Nazareth*	1	-	-	1	-	-	-
7	Mahindra & Mahindra Limited Jointly with Mrs. Roshni Sagreiya*	1	-	-	1	-	-	-
8	Mahindra & Mahindra Limited Jointly with Mr. V S Parthasarathy*	1	-	-	1	-	-	-
9	Mahindra & Mahindra Limited Jointly with Mr. Bishwambhar Mishra*	1	-	-	1	-	-	-
	<b>Total</b>	1,34,14,514	100	-	1,34,14,514	100	-	0.00

\* Held jointly with Mahindra & Mahindra Limited by its nominees to comply with the statutory provisions in respect of minimum number of Members.

iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Particulars	Shareholding at the beginning of the year [As on 1 <sup>st</sup> April, 2015]		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year: Mahindra & Mahindra Limited	1,22,12,393	91.04	1,22,12,393	91.04
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.): Increase on account of Transfer of Shares from Mahindra Holdings Limited with effect from 9 <sup>th</sup> February, 2016	12,02,114	8.96	1,34,14,514	100
	At the end of the year: Mahindra & Mahindra Limited	1,34,14,514*	100	1,34,14,514*	100
* Includes 7 Equity Shares held jointly with Mahindra & Mahindra Limited by its nominees.					
2.	At the beginning of the year: Mahindra Holdings Limited	12,02,114	8.96	12,02,114	8.96
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.): Decrease on account of Transfer of Shares to Mahindra & Mahindra Limited with effect from 9 <sup>th</sup> February, 2016	(12,02,114)	(8.96)	—	—
	At the end of the year: Mahindra Holdings Limited	—	—	—	—

There is no change in promoters shareholding in other folios save as except reported above.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 1 <sup>st</sup> April, 2015]		Cumulative Shareholding during the year [As on 31 <sup>st</sup> March, 2016]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	—	—	—	—
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	—	—	—	—
	At the end of the year (or on the date of separation, if separated during the year)	—	—	—	—

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 1 <sup>st</sup> April, 2015]		Cumulative Shareholding during the year [As on 31 <sup>st</sup> March, 2016]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year (2 <sup>nd</sup> Joint Holder with Mahindra & Mahindra Limited)	2	0.00	2	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year (2 <sup>nd</sup> Joint Holder with Mahindra & Mahindra Limited)	2	0.00	2	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rupees)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Rs. 9,46,90,500.00	Rs. 68,05,479.00	–	Rs. 10,14,95,979.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	Rs. 16,733.03	–	–	Rs. 16,733.03
<b>Total (i+ii+iii)</b>	<b>Rs. 9,47,07,233.03</b>	<b>Rs. 68,05,479.00</b>	<b>–</b>	<b>Rs. 10,15,12,712.03</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	Rs. 25,00,00,000.00	–	–	Rs. 25,00,00,000.00
* Reduction	Rs. 9,46,90,500.00	–	–	Rs. 9,46,90,500.00
<b>Net Change</b>	<b>Rs. 15,53,09,500.00</b>	<b>–</b>	<b>–</b>	<b>Rs. 15,53,09,500.00</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	Rs. 25,00,00,000.00	Rs. 68,05,479.00	–	Rs. 25,68,05,479.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	Rs. 10,16,575.00	Rs. 16,81,588.00	–	Rs. 26,98,163.00
<b>Total (i+ii+iii)</b>	<b>Rs. 25,10,16,575.00</b>	<b>Rs. 84,87,067.00</b>	<b>–</b>	<b>Rs. 25,95,03,642.00</b>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Vikram Puri (Manager)	
1.	Gross Salary	–	–
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	–	–
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–

MAHINDRA AGRI SOLUTIONS LIMITED  
(FORMERLY KNOWN AS MAHINDRA SHUBHLABH SERVICES LIMITED)

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify - Deputation Charges paid to Mahindra & Mahindra Limited	Rs.12,00,000	Rs.12,00,000
	<b>Total (A)</b>	Rs.12,00,000	Rs.12,00,000
	Ceiling as per the Act	Rs.34.19 lakhs (being 5% of the net profits of the Company as per section 198 of the Companies Act, 2013)	

B. Remuneration of other directors

(Amount in Rupees)

Sr. No	Particulars of Remuneration	Name of Directors			Total Amount
		M G Bhide	Hardeep Singh	Aruna Bhinge	
<b>1</b>	<b>Independent Directors</b>				
	Fee for attending board/committee meetings	3,15,000	2,75,000	30,000	6,20,000
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	<b>Total (1)</b>	–	–	–	<b>6,20,000</b>

(Amount in Rupees)

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount
<b>2</b>	<b>Other Non-Executive Directors</b>	Nil	Nil
	Fee for attending board/committee meetings	–	–
	Commission	–	–
	Others, please specify	–	–
	<b>Total (2)</b>	Nil	Nil
	<b>Total (B) = (1 + 2)</b>	–	<b>6,20,000</b>
	<b>Total Managerial Remuneration</b>	–	–
	Overall Ceiling as per the Act	Rs.6.83 lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)	

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in Rupees)

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CS	CFO	
1.	Gross Salary	–	–	–
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	–	–	–
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	–	–	–
	c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others, please specify - Deputation Charges paid to Mahindra & Mahindra Limited	4,40,594	18,95,146	–
	<b>Total</b>	<b>4,40,594</b>	<b>18,95,146</b>	–

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil**

(Amount in Rupees)

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

NA

For and on behalf of the Board

**Pawan Goenka**  
Chairman

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA AGRI SOLUTIONS LIMITED

(Formerly known as Mahindra Shubhlabh Services Limited)

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MAHINDRA AGRI SOLUTIONS LIMITED** ("the Company") (Formerly known as Mahindra Shubhlabh Services Limited), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice – also refer Note 26 to the financial statements.;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm’s Registration No.: 117362W)

**Kedar Raje**  
Partner  
(Membership No. 102637)

**Place: Mumbai**

Dated: April 26, 2016

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 1 (f) under ‘Report on Other  
Legal and Regulatory Requirements’ of our report of even  
date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **MAHINDRA AGRI SOLUTIONS LIMITED** (“the Company”) (Formerly known as Mahindra Shubhlabh Services Limited) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm’s Registration No.117364W)

**Kedar Rajee**  
Partner  
(Membership No. 102637)

Place: Mumbai  
Date : 26<sup>th</sup> April, 2016

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under this clause of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, and Value Added Tax as on 31<sup>st</sup> March, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under this clause of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company has been noticed or reported during the year. During the year, the company has noticed and reported, the fraud on the Company by its officers or employees as disclosed in note no 41 of notes to the financial statements.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under this clause of CARO 2016 is not applicable to the Company
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.- 117364W)

**Kedar Raje**  
Partner  
(Membership No. 102637)

Place: Mumbai  
Date : 26<sup>th</sup> April, 2016

## BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note No.	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	134,145,140	134,145,140
(b) Reserves and surplus	4	122,913,996	78,743,841
		<u>257,059,136</u>	<u>212,888,981</u>
<b>(2) Non-current liabilities</b>			
(a) Long-term provisions	5	4,643,578	7,557,509
		<u>4,643,578</u>	<u>7,557,509</u>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	6	250,000,000	94,690,500
(b) Trade payables	7		
i. Total outstanding dues of micro enterprises, small enterprises		205,043	130,043
ii. Total outstanding dues of creditors other than micro enterprises, small enterprises		438,806,024	207,944,593
(c) Other current liabilities	8	54,401,192	28,139,127
(d) Short-term provisions	9	4,338,404	4,491,725
		<u>747,750,663</u>	<u>335,395,988</u>
<b>TOTAL.....</b>		<u><u>1,009,453,377</u></u>	<u><u>555,842,478</u></u>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
i. Tangible assets	10	11,193,970	10,189,670
ii. Intangible assets	10	3,675,040	-
iii. Capital work-in-progress	10A	615,301	2,320,217
(b) Non-current investments	11	33,300,000	33,300,000
(c) Deferred tax assets (net)	32	6,683,844	4,661,846
(d) Long-term loans and advances	12	4,235,590	1,625,481
(e) Other non-current assets	13	348,208	171,992
		<u>60,051,953</u>	<u>52,269,206</u>
<b>(2) Current assets</b>			
(a) Inventories	14	416,013,856	216,044,203
(b) Trade receivables	15	409,000,649	105,846,834
(c) Cash and cash equivalents	16	46,002,731	49,329,482
(d) Short-term loans and advances	17	13,705,070	18,858,000
(e) Other current assets	18	64,679,118	113,494,753
		<u>949,401,424</u>	<u>503,573,272</u>
<b>TOTAL.....</b>		<u><u>1,009,453,377</u></u>	<u><u>555,842,478</u></u>

See accompanying notes forming part of financial statements

In terms of our report attached.  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Kedar Rajee**  
Partner

**Mumbai**  
Date: 26th April, 2016

For and on Behalf of Board of Directors

**Ashok Sharma**  
Managing Director  
**Jyoti Walunj**  
Chief Financial Officer  
**Mumbai**

Date: 26th April, 2016

**Manohar Bhide**  
Director  
**Feroze Baria**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Note No.	For the	For the
		Year ended March 31, 2016	Year ended March 31, 2015
		Rupees	Rupees
I. Revenue from operations	19	1,529,899,802	1,574,497,016
II. Other income	20	9,918,170	10,412,719
<b>III. Total revenue (I + II)</b>		<b>1,539,817,972</b>	<b>1,584,909,735</b>
<b>IV. Expenses</b>			
Cost of packing material consumed	21	150,825,377	161,011,267
Purchases of stock-in-trade	39	1,072,675,272	657,838,785
Changes in inventories of stock-in-trade	22	(200,060,476)	238,544,996
Employee benefits expense	23	45,100,352	41,687,734
Finance costs	25	1,808,986	4,390,960
Depreciation & Amortisation	10	1,684,560	2,226,686
Other expenses	25	400,135,744	407,482,440
<b>Total expenses</b>		<b>1,472,169,815</b>	<b>1,513,182,868</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>67,648,157</b>	<b>71,726,867</b>
<b>VI. Profit before tax (V)</b>		<b>67,648,157</b>	<b>71,726,867</b>
<b>VII. Tax expense</b>			
current tax expenses		25,500,000	26,500,000
Deferred tax credit	32	(2,021,998)	(4,661,846)
<b>VIII. Profit for the year (VI-VII)</b>		<b>44,170,155</b>	<b>49,888,713</b>
<b>IX Earnings per equity share:</b>			
Basic and diluted earnings per equity share of Rs. 10 each	31	3.29	4.30

See accompanying notes forming part of the financial statements

In terms of our report attached.  
For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on Behalf of Board of Directors

**Kedar Raje**  
Partner

**Ashok Sharma**  
Managing Director  
**Jyoti Walunj**  
Chief Financial Officer  
**Mumbai**

**Manohar Bhide**  
Director  
**Feroze Baria**  
Company Secretary

**Mumbai**  
Date: 26th April, 2016

Date: 26th April, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	For the Year ended March 31, 2016 Rupees	For the Year ended March 31, 2015 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax	67,648,157	71,726,867
Adjustments for:		
Depreciation & Amortisation Expenses	1,684,560	2,226,686
Net unrealised exchange (gain)/loss	(1,060,761)	(56,011)
Finance cost	1,808,986	4,390,960
Interest Income	(4,568,245)	(5,829,240)
Adjustment to the carrying amount investments	–	5,875,170
(Profit)/Loss on sale of Fixed assets	–	(1,072,200)
Provision for doubtful trade receivable/advances	16,281,033	1,731,690
<b>Operating profit before working capital changes</b>	<b>81,793,730</b>	<b>78,993,922</b>
<b>Changes in working capital:</b>		
Adjustment in (Increase)/Decrease operating assets & liabilities:		
Trade receivables	(318,761,545)	40,611,754
Inventories	(199,969,653)	273,333,728
Loans and advances and other assets	55,019,699	(90,118,859)
Trade payables, other liabilities and provisions	252,956,207	(198,140,865)
	<b>(210,755,292)</b>	<b>25,685,758</b>
<b>Cash generated/(used in)/from operations</b>	<b>(128,961,562)</b>	<b>104,679,680</b>
Net income tax (paid)	(29,149,867)	(24,230,793)
<b>NET CASH FLOW (USED IN) OPERATING ACTIVITIES</b>	<b>(158,111,428)</b>	<b>80,448,887</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Capital expenditure on fixed assets, including capital advances	(4,658,984)	(5,188,982)
Proceeds from sale of fixed assets	–	1,072,200
Bank balances not considered as Cash and cash equivalents		
– Placed	–	(18,332)
Purchase of long-term investments		
– Subsidiaries	–	(33,300,000)
Interest received on fixed deposits	4,364,207	5,685,907
<b>NET CASH FLOW (USED IN) INVESTING ACTIVITIES</b>	<b>(294,777)</b>	<b>(31,749,207)</b>

Particulars	For the Year ended March 31, 2016 Rupees	For the Year ended March 31, 2015 Rupees
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of equity shares	–	33,000,000
Proceeds from other short-term borrowings	250,000,000	94,690,500
Repayment of other short-term borrowings	(94,690,500)	(150,000,000)
Finance costs	(230,045)	(4,261,681)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>155,079,455</b>	<b>(26,571,181)</b>
<b>Net (decrease) /increase in cash and cash equivalents</b>	<b>(3,326,750)</b>	<b>22,128,499</b>
Cash and cash equivalents at the beginning of the year	47,314,341	25,185,842
Cash and cash equivalents at the end of the year	43,987,591	47,314,341
<b>Cash and cash equivalents as per Note 16</b>	<b>43,987,591</b>	<b>47,314,341</b>

**Notes:**

1. The Cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 on "Cash Flow statements" issued by the institute of Chartered Accountants of India.
2. Components of Cash and Cash equivalents for the purpose of cash flow comprise cash in hand and bank balances in current account and fixed deposit accounts with original maturity of less than 3 months.
3. Previous year figures have been regrouped/rearranged, wherever necessary.

**See accompanying notes forming part of Financial statements**

In terms of our report attached.  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Kedar Raje**  
Partner

**Mumbai**  
Date: 26th April, 2016

For and on Behalf of Board of Directors

**Ashok Sharma**  
Managing Director  
**Jyoti Walunj**  
Chief Financial Officer  
**Mumbai**

Date: 26th April, 2016

**Manohar Bhide**  
Director  
**Feroze Baria**  
Company Secretary



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Corporate Information:

Mahindra Agri Solutions Limited (Formerly Known as Mahindra Shubhlabh Services Limited) is engaged in the business of business of cultivation and sale of fruits in the domestic and overseas markets.

### 2. Significant Accounting Policies:

#### (i) Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

#### (ii) Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amounts of income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

#### (iii) Revenue Recognition

##### Sale of goods

Revenue from sale of products are recognised when the title to the products is transferred to the buyer which generally coincides with delivery of goods and are net of sales returns. Revenue is recognised when no significant uncertainty as to collectability or realisability exists.

Export benefits for sale of goods are accounted for in the year of export based on eligibility and when there is no uncertainty in receiving the same.

#### (iv) Other Income

Interest income is accounted on accrual basis.

#### (v) Fixed Assets

All fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any other attributable costs of bringing the assets to its working condition for its intended use.

#### (vi) Depreciation

Depreciation on fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

#### (vii) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

#### (viii) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

#### (ix) Inventories:

Stock-in-trade (traded goods) and packing materials are valued at the lower of weighted average cost and net realisable value after providing for obsolescence and other losses, wherever considered necessary. Cost includes all charges of bringing the goods to the point of sale.

#### (x) Employee Benefits

##### A. Short term benefits:

Short term employee benefits including performance incentives are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

##### B. Long term benefits:

###### Defined Contribution Plan: Provident Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund, in which both employees and the Company makes monthly contribution at a specified percentage of the employees' eligible salary. Provident Fund is classified as Defined contribution plans as the Company has no further obligations beyond making the contribution.

The Company's contributions to Defined Contribution Plan are charged to Statement of Profit and Loss as incurred.

###### Defined Benefit Plan: Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The cost of providing benefits is determined using Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

###### Other Long term employee benefits: Compensated Absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

#### (xi) Foreign Currency Transactions and Translations.

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are translated at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

#### (xii) Accounting for forward contracts

In case of foreign exchange forward contracts, premium/discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

#### (xiii) Borrowing Cost

Borrowing costs, if any, that are attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. A qualifying asset is the one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

MAHINDRA AGRI SOLUTIONS LIMITED  
(FORMERLY KNOWN AS MAHINDRA SHUBHLABH SERVICES LIMITED)

(xiv) Taxation

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax rates under provision of Income-tax Act, 1961 and other applicable tax laws.

Minimum Alternative Tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rate and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(xv) Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions excluding employee benefit are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

3 Share capital

Authorised

7,50,00,000 (as at March 31, 2015:  
6,00,00,000) equity shares of Rs.10  
each with voting rights

	As at March 31, 2016	As at March 31, 2015
	Rupees	Rupees

	750,000,000	600,000,000
	<u>750,000,000</u>	<u>600,000,000</u>

Issued, subscribed and fully paid up

1,34,14,514 (as at March 31, 2015:  
1,34,14,514) equity shares of Rs.10  
each with voting rights

	134,145,140	134,145,140
	<u>134,145,140</u>	<u>134,145,140</u>

(a) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	No. of shares	March 31, 2016		March 31, 2015	
		Rupees	No. of shares	Rupees	No. of shares
Shares outstanding at the beginning of the year	13,414,514	134,145,140	10,114,514	101,145,140	
<b>Add:</b>					
Right shares issued to Mahindra & Mahindra Ltd	-	-	3,300,000	33,000,000	
<b>Shares outstanding at the end of the year</b>	<u>13,414,514</u>	<u>134,145,140</u>	<u>13,414,514</u>	<u>134,145,140</u>	

(c) Shares held by holding company and its subsidiary:

Particulars	March 31, 2016		March 31, 2015	
	No. of shares	% of Holding	No. of shares	% of Holding
I. Mahindra & Mahindra Limited, the holding company including 7 shares held jointly with nominees	13,414,514	100.00%	12,212,400	91.04%
II. Mahindra Holdings Limited, a subsidiary of Mahindra & Mahindra Limited	-	-	1,202,114	8.96%

(d) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of shareholders	March 31, 2016		March 31, 2015	
	No. of shares	% of Holding	No. of shares	% of Holding
Mahindra & Mahindra Limited	13,414,514	100.00%	12,212,400	91.04%
Mahindra Holdings Limited	-	-	1,202,114	8.96%

(e) Aggregate number of shares bought back for the period of 5 years immediately preceding the balance sheet date:

Particulars	March 31, 2016		March 31, 2015	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares with voting rights bought back	-	-	32,818,999	

4

Reserves and surplus

Surplus in the Statement of Profit and Loss

	As at March 31, 2016	As at March 31, 2015
	Rupees	Rupees
Opening balance	78,743,841	28,917,635
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of Deferred tax)	-	(62,507)
Add: Profit for the year	44,170,155	49,888,713
Closing balance	<u>122,913,996</u>	<u>78,743,841</u>
<b>TOTAL</b>	<u>122,913,996</u>	<u>78,743,841</u>

MAHINDRA AGRI SOLUTIONS LIMITED  
(FORMERLY KNOWN AS MAHINDRA SHUBHLABH SERVICES LIMITED)

		As at March 31, 2016	As at March 31, 2015			As at March 31, 2016	As at March 31, 2015
		Rupees	Rupees			Rupees	Rupees
<b>5 Long-term provisions</b>							
<b>Provision for employee benefits</b>				(b)	Interest accrued and due on borrowings from bank	1,016,575	16,733
(i) Compensated absences		4,237,871	5,686,876	(c)	Interest accrued and due on borrowings from related Party - Mahindra & Mahindra Limited	1,681,588	1,102,489
(ii) Gratuity (refer Note 30)		405,707	1,870,633	(d)	Other payables		
<b>TOTAL</b>		<u>4,643,578</u>	<u>7,557,509</u>	(i)	Payables to statutory authorities (includes statutory dues such as TDS, PF, ESIC, etc.)	2,751,058	6,080,535
<b>6 Short-term borrowings</b>				(ii)	Trade deposits	11,211,482	10,014,684
<b>(a) Loans from banks</b>				(iii)	Advance received from customers	25,815,105	2,779,070
<b>Secured</b>				(iv)	Others		
(i) Export credit facility from bank – Yes Bank		250,000,000	94,690,500	–	Payable to Packhouse and Farmer	649,438	1,340,137
[Secured by hypothecation of current assets pertaining to exports of goods]				–	Liabilities on Forward Contract	4,470,467	–
<b>TOTAL</b>		<u>250,000,000</u>	<u>94,690,500</u>	<b>TOTAL</b>		<u>54,401,192</u>	<u>28,139,127</u>
<b>7 Trade payables</b>				<b>9 Short-term provisions</b>			
Trade payables:				<b>Provision for employee benefits</b>			
– Micro and Small Enterprises (refer note no. 40)		205,043	130,043	–	Compensated absences	315,581	452,456
– Others		438,806,024	207,944,593	<b>Provision for Taxation</b>		4,022,823	4,039,269
<b>TOTAL</b>		<u>439,011,067</u>	<u>208,074,636</u>	[Net of advance tax of Rs. 7,87,10,397 Previous year Rs.4,92,63,806]			
		As at March 31, 2016	As at March 31, 2015	<b>TOTAL</b>		<u>4,338,404</u>	<u>4,491,725</u>
		Rupees	Rupees				
<b>8 Other current liabilities</b>							
(a) Current Maturity of Long term debt							
Unsecured loan from Mahindra & Mahindra Limited, the holding company		6,805,479	6,805,479				

**10 Fixed assets**

	Gross block			Accumulated depreciation					(Rupees) Net block		
	As at April 1, 2015	Additions during the year	Disposals	Balance as at March 31, 2016	As at April 1, 2015	Transition adjustment recorded against Surplus balance in Statement of Profit and Loss	For the year	on Disposals	Balance as at March 31, 2016	As at March 31, 2016	As at March 31, 2015
				April 1, 2015					March 31, 2016	March 31, 2016	March 31, 2016
<b>Tangible Assets</b>											
Plant and equipment	7,654,484	1,437,609	–	9,092,093	1,024,110	–	536,786	–	1,560,896	7,531,197	6,630,374
	(6,117,828)	(5,593,930)	(4,057,274)	(7,654,484)	(3,526,448)	(6,814)	(1,561,750)	(4,057,274)	(1,024,110)	(6,630,374)	(2,591,375)
Furniture and fixtures	259,651	–	–	259,651	17,458	–	25,722	–	43,180	216,470	242,193
	(26,251)	(233,400)	–	(259,651)	(11,789)	(353)	(6,022)	–	(17,458)	(242,193)	(14,462)
Vehicles	2,883,652	1,005,754	–	3,889,406	437,176	–	555,510	–	992,686	2,896,720	2,446,476
	(1,794,543)	(1,089,109)	–	(2,883,652)	(150,964)	(5,403)	(280,809)	–	(437,176)	(2,446,476)	(1,643,579)
Office equipment	112,887	–	–	112,887	34,297	–	21,507	–	55,804	57,083	78,590
	(70,987)	(41,900)	–	(112,887)	(4,834)	(14,516)	(14,947)	–	(34,297)	(78,590)	(66,153)
Computers	1,873,269	50,400	–	1,923,669	1,081,232	–	349,938	–	1,431,169	492,500	792,037
	(1,766,902)	(106,367)	–	(1,873,269)	(668,318)	(49,755)	(363,159)	–	(1,081,232)	(792,037)	(1,098,584)
<b>TOTAL</b>	12,783,943	2,493,763	–	15,277,706	2,594,273	–	1,489,463	–	4,083,736	11,193,970	10,189,670
Previous year	(9,776,511)	(7,064,706)	(4,057,274)	(12,783,943)	(4,362,353)	(62,507)	(2,226,686)	(4,057,274)	(2,594,273)	(10,189,670)	(5,414,154)
<b>Intangible Assets</b>											
Computer Software	–	3,870,137	–	3,870,137	–	–	195,097	–	195,097	3,675,040	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
<b>TOTAL</b>	–	3,870,137	–	3,870,137	–	–	195,097	–	195,097	3,675,040	–
Previous year	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)

MAHINDRA AGRI SOLUTIONS LIMITED  
(FORMERLY KNOWN AS MAHINDRA SHUBHLABH SERVICES LIMITED)

10A Capital work-in-progress

Particulars	As at	As at	Balance	As at	As at
	April 1, 2015	March 31, 2015	as at March 31, 2016	March 31, 2016	March 31, 2015
				Rupees	Rupees
<b>TOTAL</b>	2,320,217	2,691,921	4,396,837	615,301	
Previous year	(4,195,944)	(2,147,620)	(4,023,343)	(2,320,217)	
<b>Note: Previous year figures have been disclosed in brackets.</b>					
		<b>As at</b>	<b>As at</b>		
		<b>March 31, 2016</b>	<b>March 31, 2015</b>		
		<b>Rupees</b>	<b>Rupees</b>		
<b>11 Non-current investments</b>					
Unquoted Trade Investment (At cost)					
<b>(a) Investment in equity instruments</b>					
<b>(i) of Subsidiaries</b>					
33,30,000 fully paid up equity shares (as at March 31, 2015: 33,30,000) of Rs. 10 each of Mahindra Univeg Private Limited		33,300,000	33,300,000.00		
<b>(ii) of other entities</b>					
21,21,000 fully paid up equity shares (as at March 31, 2015: 21,21,000) of Rs. 10 each of Vayugrid Marketplace Services Private Limited		5,875,170	5,875,170		
Less: Diminution in value of Investment		(5,875,170)	(5,875,170)		
<b>TOTAL</b>		<b>33,300,000</b>	<b>33,300,000</b>		
<b>12 Long-term loans and advances</b>					
<b>a) Secured, considered good</b>					
Loan to Vayugrid Marketplace Services Private Limited		-	8,244,067		
Less: Transferred to Other Current Assets		-	(8,244,067)		
<b>b) Unsecured, considered good</b>					
(i) Advance income tax [Net of provision of Rs. 2,55,00,000 (as at March 31, 2015 Rs. NIL)]		3,946,590	313,169		
(ii) Balance with government authorities					
- VAT		-	1,023,313		
- Duty paid under protest		289,000	289,000		
<b>TOTAL</b>		<b>4,235,590</b>	<b>1,625,482</b>		
<b>13 Other non-current assets</b>					
(a) Accruals					
- Interest accrued on deposits		348,208	171,992		
<b>TOTAL</b>		<b>348,208</b>	<b>171,992</b>		
<b>14 Inventories</b>					
(At lower of weighted average cost and net realisable value)					
Stock-in-trade [includes goods sent on consignment <b>Rs. 27,57,20,320</b> (as at March 31, 2015: Rs. 21,06,515)]		324,372,677	154,720,152		
Packing materials [includes goods-in-transit <b>Rs.56,74,615</b> (as at March 31, 2015: Rs. 5,74,07,991)]		91,641,179	61,324,051		
<b>TOTAL</b>		<b>416,013,856</b>	<b>216,044,203</b>		
<b>15 Trade receivables (Unsecured)</b>					
<b>(a) Outstanding for a period exceeding six months from the date they are due for payment</b>					
(i) Considered good		4,888,968	5,551,590		
(ii) Considered doubtful		5,415,102	4,888,269		
Less: Provision for doubtful debts		(5,415,102)	(4,888,269)		
		4,888,968	5,551,590		
<b>(b) Other trade receivables</b>					
Considered good		404,111,681	100,295,244		
<b>TOTAL</b>		<b>409,000,649</b>	<b>105,846,834</b>		
<b>16 Cash and cash equivalents</b>					
(a) Cash in hand		-	25,923		
(b) Balances with banks:					
(i) in current accounts		36,345,626	9,286,992		
(ii) In other deposit accounts					
- original maturity of 3 months or less		7,641,965	38,001,426		
- Bank deposits with more than 12 months maturities #		2,015,140	2,015,140		
<b>TOTAL</b>		<b>46,002,731</b>	<b>49,329,482</b>		
# includes deposits of <b>Rs. 20,15,140</b> (as at March 31, 2015: Rs.20,15,140) pledged against counter guarantees given by bank.					
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i>		43,987,591	47,314,341		
<b>17 Short-term loans and advances</b>					
<b>Unsecured</b>					
<b>considered good</b>					
Advances to employees		818,546	65,216		
Prepaid expenses		900,713	1,226,690		
Advances for supply of goods and services		11,985,811	17,566,094		
<b>TOTAL</b>		<b>13,705,070</b>	<b>18,858,000</b>		
<b>Considered doubtful</b>					
- Considered doubtful		8,703,500	-		
Less: Provision for doubtful debts		(8,703,500)	-		
<b>TOTAL</b>		<b>13,705,070</b>	<b>18,858,000</b>		
<b>18 Other current assets</b>					
(a) Interest accrued on fixed deposits		34,427	6,605		
(b) Export incentive receivable					
- Considered good		52,649,491	104,825,440		
(c) Discount earned on Forward Contract		1,555,394	138,567		
(d) Liabilities on Forward Contract		-	130,767		
(e) Loan to Vayugrid Marketplace Services Private Limited - Secured		8,972,478	8,244,067		
(f) Deposits		1,451,000	-		
(g) Others		16,328	149,307		
<b>TOTAL</b>		<b>64,679,118</b>	<b>113,494,753</b>		

**MAHINDRA AGRI SOLUTIONS LIMITED**  
(FORMERLY KNOWN AS MAHINDRA SHUBHLABH SERVICES LIMITED)

		For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees		For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
<b>19 Revenue from operations</b>				<b>25 Other expenses</b>		
(a) Sale of traded goods (refer Note 35 & 39)		1,469,315,422	1,486,891,371	Commission to consignment agent (refer Note 34)	98,545,393	93,155,180
(b) Other operating revenue				Clearing and forwarding charges (refer Note 34)	146,993,560	142,974,840
–Export incentives		60,584,380	87,605,645	Overseas freight (refer Note 34)	87,190,927	110,170,618
<b>TOTAL</b>		<b>1,529,899,802</b>	<b>1,574,497,016</b>	Food safety/quality expenses (refer Note 34)	3,306,456	9,702,407
<b>20 Other income</b>				Rent	4,053,275	4,526,837
(a) Interest Income				Rates and taxes	2,335,417	215,974
– Interest on deposits with banks	3,758,900		5,130,032	Communication expenses	1,127,323	889,844
– Interest on Loans & advances	809,345		699,208	Travelling and conveyance expenses	14,341,489	12,139,678
(b) Other non-operating income	4,337,840		3,079,487	Legal and professional fees	13,588,908	12,460,718
(c) Foreign exchange gain (net)	1,012,085		431,792	Payments to Auditor (refer Note 28)	771,500	477,530
(d) Profit on sale of Fixed Assets	–		1,072,200	Repairs		
<b>TOTAL</b>		<b>9,918,170</b>	<b>10,412,719</b>	– plant and machinery	74,276	16,959
<b>21 Cost of Packing material consumed</b>				– others	154,789	188,048
Opening stock of packing material	91,732,002		126,520,733	Corporate Social Responsibility Expenses	1,397,225	1,016,141
Add: Purchase of packing material (refer note no. 33)	150,734,554		126,222,536	Business Promotion Expenses	2,576,655	6,519,583
Less: Closing stock of packing material	(91,641,179)		(91,732,002)	Insurance	1,801,940	274,563
<b>TOTAL</b>		<b>150,825,377</b>	<b>161,011,267</b>	Provision for doubtful debts/advances	16,281,033	1,731,690
<b>22 Changes in inventories of stock-in-trade</b>				Diminution in value of Investment	–	5,875,170
Opening stock-in-trade	124,312,201		362,857,197	Miscellaneous expenses	5,595,578	5,146,660
Less: Closing stock-in-trade	(324,372,677)		(124,312,201)	<b>TOTAL</b>	<b>400,135,744</b>	<b>407,482,440</b>
<b>TOTAL</b>		<b>(200,060,476)</b>	<b>238,544,996</b>	<b>26. Contingent Liabilities</b>		
<b>23 Employee benefits expense</b>				During the year pursuant to income tax assessment for FY 2012-13 of the Company, an interim order u/s 143(3) of the Income Tax Act, 1961, has been received for income adjustment of Rs. 1,31,65,168/- With resulting demand of Rs. 7,400/- against which company has preferred to file an appeal with the appropriate authority.		
Salaries and wages (refer Note 29 & 37)	43,581,606		39,648,845	During the previous year FY 2014-15 pursuant to income tax assessment for FY 2011-12 of the company, an interim order u/s 143(3) of the Income Tax Act, 1961, has been received for income adjustment of Rs. 65,09,227/- The company has filed an appeal against the order with CIT. The amount of tax payable pursuant to the said adjustment is unascertained. The management is of view that the said demand would not devolve on the Company.		
Contribution to provident and other funds (refer Note 30)	1,262,938		1,433,919	<b>27. Capital Commitment</b>		
Staff welfare expense	255,808		604,970	Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2016 is Nil (as at March 31, 2015 Rs 13,70,383/-).		
<b>TOTAL</b>		<b>45,100,352</b>	<b>41,687,734</b>	<b>28. Payments to the Auditors (including service tax):</b>		
<b>24 Finance costs</b>				(Rupees)		
(a) Interest expenses on:				Year Ended March 31, 2016	Year Ended March 31, 2015	
(i) borrowings	1,803,172		4,387,445	<b>Particulars</b>		
(ii) interest on delayed/deferred payment of income-tax, etc.	5,364		1,998	a. For Statutory Audit	5,72,500	4,77,530
(iii) others	450		1,517	b. For other services	2,63,200	–
<b>TOTAL</b>		<b>1,808,986</b>	<b>4,390,960</b>	c. For reimbursement of expenses	13,282	–
				<b>Total</b>	<b>8,48,982</b>	<b>4,77,530</b>
				<b>29.</b> During the year, the Company has reimbursed amounts aggregating to Rs. 12,00,000/- (for the year ended March 31, 2015: Rs. 12,00,000/-) to its Holding Company on account of Deputation charges in respect of the Company's Chief Executive Officer cum Manager who was appointed as a "Manager" under the provisions of the Companies Act, 2013 read with Schedule V of the said Act.		
				<b>30. Employee Benefit Plans:</b>		
				A. Defined Contribution Plan:		
				On account of defined contribution plans the Company's contribution to Provident Fund aggregating to Rs. 13,60,817/- (For the year ended March 31, 2015: Rs. 14,14,391/-) has been recognised in Statement of Profit and Loss.		
				B. Defined Benefit Plan: Gratuity (Funded)		
				Amount recognised in Balance Sheet		

MAHINDRA AGRI SOLUTIONS LIMITED  
(FORMERLY KNOWN AS MAHINDRA SHUBHLABH SERVICES LIMITED)

Particulars	(Rupees)	
	As at March 31, 2016	As at March 31, 2015
Present Value of Funded Obligations	30,19,572	45,14,429
Fair Value of Plan Assets	(26,13,865)	(26,43,796)
<b>Net Liability</b>	<b>4,05,707</b>	<b>18,70,633</b>

Amounts in the Balance Sheet

Liabilities	4,05,707	18,70,633
Assets	-	-
<b>Net Liability</b>	<b>4,05,707</b>	<b>18,70,633</b>

Expense recognised in the Statement of Profit and Loss

Particulars	(Rupees)	
	Year Ended March 31, 2016	Year Ended March 31, 2015
Current Service Cost	7,06,637	5,15,875
Interest on Defined Benefit Obligation	4,09,340	3,52,705
Expected Return on Plan Assets	(2,16,544)	(1,35,903)
Net Actuarial Losses/(Gains) recognised during in year	(9,69,944)	2,66,182
Past Service Cost	-	-
<b>Total expense, included in "Employee Benefits Expense"</b>	<b>(70,511)</b>	<b>9,98,859</b>

Reconciliation of Defined Benefit Obligations

Particulars	(Rupees)	
	As at March 31, 2016	As at March 31, 2015
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	45,14,429	33,45,039
Current Service Cost	7,06,637	5,15,875
Interest Cost	4,09,340	3,52,705
Actuarial Losses/(Gain)	(9,64,918)	3,00,810
Past Service Cost	-	-
Liabilities Assumed on Acquisition/ (Settled on Divestiture)	(13,84,061)	-
Benefits Paid	(2,61,855)	-
<b>Closing Defined Benefit Obligation</b>	<b>30,19,572</b>	<b>45,14,429</b>

Reconciliation of Plan Assets

Particulars	(Rupees)	
	As at March 31, 2016	As at March 31, 2015
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	26,43,796	15,68,259
Expected Return on Plan Asset	2,16,544	1,35,903
Actuarial Gain/(Losses)	5,026	34,628
Contributions by Employer	10,354	9,05,006
Benefits Paid	(2,61,855)	-
<b>Closing Fair Value of Plan Assets</b>	<b>26,13,865</b>	<b>26,43,796</b>
<b>Expected contribution during next year</b>	<b>5,00,000</b>	<b>5,00,000</b>

Category of Assets

Particulars	(Rupees)	
	As at March 31, 2016	As at March 31, 2015
Insurer Managed Funds	100%	100%

Assumptions

Particulars	(Rupees)	
	As at March 31, 2016	As at March 31, 2015
Discount Rate (p.a.)	8.05%	7.85%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	10.00%	10.00%

Experience Adjustments:

Particulars	(Rupees)				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined Benefit Obligation	30,19,572	45,14,429	33,45,039	25,76,682	20,50,671
Plan Asset	26,13,865	26,43,796	15,68,259	14,16,268	12,99,329
Surplus/ (Deficit)	(4,05,707)	(18,70,633)	(17,76,780)	(11,60,414)	(7,51,342)
Experience Adjustment on plan Liabilities	(8,54,852)	(4,99,215)	70,645	(2,24,239)	3,94,772
Experience adjustment on plan assets	5,026	34,628	13,737	2,721	1,52,331

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 31. Earnings Per Share:

Basic and Diluted earnings per share

Particulars	(Rupees)	
	Year Ended March 31, 2016	Year Ended March 31, 2015
a. Profit for the year attributable to equity shareholders	4,41,70,155	4,98,88,713
b. Weighted average number of Equity shares - Basic and Diluted (No)	1,34,14,514	1,16,15,336
c. Nominal value of Equity share (Rs)	10	10
d. Earnings per Share - Basic and Diluted (Rs)	3.29	4.30

### 32. Deferred tax (liabilities)/assets

Particulars	(Rupees)	
	As at March 31, 2016	As at March 31, 2015
<b>Tax effect of items constituting deferred tax liabilities</b>	<b>91,628</b>	<b>-</b>
-On difference between book balance and tax balance of fixed assets		
<b>Tax effect of items constituting deferred tax assets</b>	<b>-</b>	<b>-</b>
-On difference between book balance and tax balance of fixed assets		3,71,733
-Provision for compensated absences, gratuity and other employee benefits	18,89,306	26,86,522
-Provision for doubtful debts/advances	48,86,166	16,03,591
<b>Deferred tax assets (net)</b>	<b>66,83,844</b>	<b>46,61,846</b>

### 33. CIF Value of Imports:

Particulars	(Rupees)	
	Year Ended March 31, 2016	Year Ended March 31, 2015
Purchase of Traded Goods	-	5,43,50,970
Purchase of Packing materials	1,87,75,361	6,44,11,385

MAHINDRA AGRI SOLUTIONS LIMITED  
(FORMERLY KNOWN AS MAHINDRA SHUBHLABH SERVICES LIMITED)

**34. Expenditure in Foreign Currencies**

Particulars	(Rupees)	
	Year Ended March 31, 2016	Year Ended March 31, 2015
Commission to consignment agent	9,85,45,393	9,31,55,180
<b>Expenses incurred by consignee agent:</b>		
– Clearing and forwarding charges	14,69,93,560	14,29,74,840
– Overseas freight	8,71,90,927	11,01,70,618
– Other expenses	33,06,456	97,02,407
Travelling	37,99,822	34,40,760

**35. Earnings in Foreign Exchange:-**

Particulars	(Rupees)	
	Year Ended March 31, 2015	Year Ended March 31, 2014
Export of Goods on FOB basis	1,04,82,47,118	89,88,04,660

**36. Foreign Currency Balances:-**

The year-end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Amounts receivables in foreign currency on account of the following:

Particulars	March 31,		March 31,	
	2016	2015	2016	2015
	In Rupees		In Foreign Currency	
Trade Receivables	1,66,15,533	1,29,10,086	USD 2,52,248	USD 2,07,624
	–	23,17,275	GBP 0	GBP 25,309
	10,27,38,302	2,68,65,835	EURO 13,83,603	EURO 4,01,942

Amounts payable in foreign currency on account of the following:

Particulars	March 31,		March 31,	
	2016	2015	2016	2015
	In Rupees		In Foreign Currency	
Trade Payables	1,88,98,567	96,87,528	EURO 2,48,895	EURO 1,41,300
Advance Received	1,21,70,461	1,46,08,837	USD 1,81,920	USD 2,31,189
	1,68,99,998	–	Euro 2,28,066	–
	82,16,098	15,89,694	USD 1,24,732	USD 25,566
Loan Taken	–	9,46,90,500	–	Euro 14,00,000

**37. Related Party Disclosures:**

**A. List of Related Parties and Relationships:**

Name of the Related Parties where control exists	Relation
Mahindra & Mahindra Limited	Holding Company
Mahindra Special Services Group	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra Logistics Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Univeg Private Limited	Subsidiary Company
Mr. Vikram Puri (refer note no. 29)	Key Managerial Personnel
Mr. Anil Saboo (as per Companies Act, 2013)	Key Managerial Personnel
Ms. Jyoti Walunj (as per Companies Act, 2013)	Key Managerial Personnel
Mr. Feroz Baria (as per Companies Act, 2013)	Key Managerial Personnel

**B. Transactions with Mahindra & Mahindra Limited, Holding Company:**

Sr. No.	Nature of Transaction	Rupees
1.	Deputation of personnel: [Including for "Manager" as per Note 29]	1,73,84,123 (95,61,467)
2.	Other expenses	38,133 (24,229)
3.	Reimbursement of expenses charged to the company	32,136 (15,83,567)
4.	Internal Audit Fees	– (4,49,440)
5.	Interest on unsecured Loan	6,43,445 (6,12,494)
6.	Rent	16,88,177 (24,56,392)
7.	Professional Fees	18,38,409 (16,14,608)
8.	Staff Welfare	1,44,000 (1,98,000)
9.	Purchase of Fixed Assets	7,95,282 (–)
10.	Software Development	6,15,301 (–)
11.	<b>Closing Balance:</b>	
	Unsecured Loan	68,05,479 (68,05,479)
	Payables	3,45,54,197 (3,43,40,203)

Note: Figures in brackets pertain to previous year.

**C. Transactions with Fellow subsidiaries:**

Sr. No.	Nature of Transaction	Rupees
1.	Expenses:	
(a)	Professional fees	
	– Bristlecone India Limited	70,990 (80,555)
	– Mahindra Integrated Business Solutions Private Limited	7,90,778 (5,96,255)
	– Mahindra Special Services Limited	3,84,668 (–)
(b)	Freight expenses	
	– Mahindra Logistics Limited	6,44,000 (51,65,814)
(c)	Sale of Fruits	
	– Mahindra Univeg Private Limited	25,96,254 (9,18,162)
(d)	Reimbursement of Expenses	
	– Mahindra Univeg Private Limited	2,909 (67,200)
(e)	Other Expenses	
	– Mahindra Univeg Private Limited	15,052 (–)
(f)	Purchase of Fixed Assets	
	– NBS International Limited	2,01,473 (–)
(g)	Reimbursement of Gratuity Payable	
	– Mahindra Univeg Private Limited	2,61,714 (–)

MAHINDRA AGRI SOLUTIONS LIMITED  
(FORMERLY KNOWN AS MAHINDRA SHUBHLABH SERVICES LIMITED)

Sr. No.	Nature of Transaction	Rupees
2.	Closing Balance (Payable) :	
	–Bristlecone India Limited	63,891
		(–)
	–Mahindra Logistics Limited	5,60,560
		(–)
	–Mahindra Integrated Business Solutions Private Limited	2,96,494
		(1,56,503)
3.	Closing Balance (Receivable) :	15,543
	–Mahindra Univeg Private Limited	(–)

Note: Figures in brackets pertain to previous year.

**38. Segment Reporting:**

**A. Primary Segment - Business Segment**

The Company's business activity falls within a single business segment viz. 'cultivation and sale of fruits'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

**B. Secondary Segment - Geographical Segment**

The Company has identified two segments under this category based on geographical locations of customers

Particulars	(Rupees)	
	Domestic	Overseas
Revenue	97,06,168 (22,24,65,565)	1,45,96,09,254 (1,26,44,25,805)
Segment Assets	62,60,65,255 (46,02,18,313)	38,33,88,122 (9,56,24,165)
Capital expenditure	90,55,821 (92,12,326)	– –

Note: Figures in brackets pertain to previous year.

**39. Information for each class of goods traded during the year:**

Particulars	(Rupees)	
	Purchases	Sales
Grapes	1,04,47,93,758 (93,28,64,158)	1,46,18,10,967 (1,27,94,07,830)
Apple	– (12,72,86,394)	– (13,46,17,598)
Banana	2,60,80,567 (4,36,53,630)	31,81,144 (4,52,11,878)
Orange	– (1,41,22,239)	– (1,80,16,838)
Pears	– (44,57,208)	– (44,29,099)
Others	15,25,35,501 (34,46,582)	43,23,311 (52,08,128)
<b>Total</b>	<b>1,22,34,09,826</b> <b>(1,12,58,30,211)</b>	<b>1,46,93,15,422</b> <b>(1,48,68,91,371)</b>

Note: Figures in brackets pertain to previous year.

**40. Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Sr. No.	Particulars	(Rupees)	
		As at March 31, 2016	As at March 31, 2015
I	Dues remaining unpaid as at the year-end:		
	Principal	NIL	NIL
	Interest	NIL	NIL

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
II	Interest paid in terms of Section 16 of the MSMED Act	NIL	NIL
III	Amount of interest due and payable for the period of delay in making payments	450	1,517
IV	Amount of interest accrued and remaining unpaid as at the year end	11,224	10,774
V	Amount of interest due and payable on previous year's outstanding amount	10,774	9,257
VI	Amount of interest written back during the period as the same is not payable	NIL	NIL

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

41. The Company was engaged in domestic trading of Apples and other fruits till December 2015. The Company had appointed permanent and contract employees to procure fruits from farmers and aggregators in the apple growing regions of Himachal Pradesh and Jammu & Kashmir (J & K). Some of these employees colluded and conspired with an aggregator in J&K and misappropriated advances amounting to Rs 67 lakhs released by the Company to the said aggregator and an apple grower. Rs 22.44 lakhs has been recovered, with balance being provided for in the current financial year.

The Company has initiated following actions:

- Lodged a criminal complaint against the employees, aggregator and an apple grower under various sections of the Ranbir Penal Code.
  - Filed criminal complaint under the Negotiable Instruments Act against an ex-employee for dishonour of cheques.
42. The Company has entered into a Business Transfer Agreement on 30th March, 2016 with its holding Company, Mahindra & Mahindra Limited (M & M), whereby the entire assets and liabilities of following Agri businesses of M & M will be transferred to the company on a slump sale basis:
- i) Crop Care ii) Seeds iii) Pulses iv) Samriddhi and Pilot projects consisting of Edible Oil, Basmati Rice, Potato, Potato flakes and Dairy together with congeries of rights of M & M in such Activities
  - 47,30,000 equity shares of Rs. 10 each held by M & M in the equity capital of Mahindra HZPC Private Limited, which is a subsidiary of M & M at an aggregate consideration of Rs. 26006.00 lacs. The consideration has been arrived at by a valuation done by an independent valuation firm. The transfer would be made effective from 1st April, 2016.
  - The Company would be issuing equity shares on Rights basis to M & M to fund the aforesaid buying of Agri businesses.
43. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

**For and on behalf of Board of Directors**

**Ashok Sharma**  
Managing Director

**Manohar Bhide**  
Director

**Jyoti Walunj**  
Chief Financial Officer

**Feroze Baria**  
Company Secretary

**Mumbai**  
Date: 26<sup>th</sup> April, 2016



## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5  
of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part "A": Subsidiaries**

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Univeg Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 <sup>st</sup> March, 2016 Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4.	Share capital	Rs. 5,55,00,000
5.	Reserves & surplus	Rs. 2,99,46,280
6.	Total assets	Rs. 19,06,51,302
7.	Total Liabilities	Rs. 10,52,05,022
8.	Investments	Nil
9.	Turnover	Rs. 46,58,23,703
12.	Profit before taxation	(-) Rs. 1,88,92,844
11.	Provision for taxation	Nil
12.	Profit after taxation	(-) RS. 1,88,92,844
13.	Proposed Dividend	Nil
14.	% of shareholding	60%

**Notes:** The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations: Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

**Part “B”: Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures		:	Not Applicable
1.	Latest audited Balance Sheet Date	:	
2.	Shares of Associate/Joint Ventures held by the company on the year end	:	
No.		:	
	Amount of Investment in Associates/Joint Venture	:	
	Extend of Holding %	:	
3.	Description of how there is significant influence	:	
4.	Reason why the associate/joint venture is not consolidated	:	
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	:	
6.	Profit/Loss for the year	:	
	i. Considered in Consolidation	:	
	ii. Not Considered in Consolidation	:	

1. Names of associates or joint ventures which are yet to commence operations.

2. Names of associates or joint ventures which have been liquidated or sold during the year.

**Note:** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board

**Pawan Goenka**  
Chairman

Place: Mumbai

Date: 26<sup>th</sup> April, 2016

## DIRECTORS' REPORT

Your Directors are pleased to present the 34<sup>th</sup> Annual Report on business and operations of your Company alongwith the audited financial statements and accounts for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	For the Year ended 31 <sup>st</sup> March, 2016	For the Year ended 31 <sup>st</sup> March, 2015
Turnover (Net)	20,478.24	16,918.52
Other Income	243.03	256.26
	20,721.27	17,174.78
Profit Before Interest, Depreciation & Tax	1,410.19	660.80
Finance cost	45.95	119.56
Depreciation	269.87	273.76
Profit Before Tax	1,094.37	267.48
Tax expense	176.12	88.00
Profit After Tax	918.25	179.48
Transfer to General Reserve	-	-
Add : Balance Brought Forward	(975.25)	(1085.47)
Depreciation on transaction to Schedule II to the Companies Act, 2013	-	(69.26)
Deficit Carried to the Balance Sheet	(57.00)	(975.25)

\* Figures have been regrouped wherever necessary.

### Operations and Financial Overview

During the year under review, your Company's turnover was at Rs. 204.78 crore as compared to Rs. 169.19 crore for the previous year reflecting a growth of 21% over the previous year, providing visibility to future revenue streams. The Profit Before Tax was at Rs. 10.94 crore vs. Rs. 2.67 crore in the previous year, The Profit After Tax was at Rs. 9.18 crore vs. Rs. 1.79 crore in the previous year reflecting a fivefold growth over previous year.

The year 2015-16 was quite challenging and the improvement in the performance was mainly due to internal operational excellence, lower material costs and spur in project market business.

### Dividend

Your Directors do not recommend any dividend considering the need to augment resources for operational purposes.

### Corporate Governance & Management Discussion and Analysis Report

Your Company believes in sound practices of good Corporate Governance. Transparency, Accountability, and Responsibility are the fundamental guiding principles for all decisions, transactions, and policy matters of the Company. A Report on Corporate Governance alongwith a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report.

Further, the Management Discussion and Analysis Report for the year under review, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in Annexure I to this Report.

### Stock Options

The Nomination and Remuneration Committee of the Board of Directors of the Company, *inter alia*, administers and monitors the Employees' Stock Option Scheme of the Company. The Stock Option Scheme, 2014 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and there have been no material changes in the said Scheme during the year under review.

During the year under review 14,108 Nos. Stock Options got vested under the Employees Stock Option Scheme -2014, and were exercised immediately after vesting. Accordingly, the Company made the allotment of 14,108 Equity Shares.

The Nomination and Remuneration Committee of the Board of Directors further granted 3,228 Stock Options during the year under review, comprising about 0.01% of the current paid up capital.

The applicable disclosures as stipulated under the SEBI Guidelines as on 31<sup>st</sup> March, 2016 (cumulative position) with regard to the Employees' Stock Option Scheme (ESOS) are provided in Annexure II to this Report.

Voting rights on the shares issued to employees under the ESOS are either exercised by them directly or through their appointed proxy.

### Share Capital

During the year, with the allotment of 14,108 equity shares on exercising of Stock Options by employees, the total paid up equity share capital of the Company increased from 2,76,44,364 equity shares of Rs. 10/- each to 2,76,58,472/- equity shares of Rs. 10/- each. The said equity shares have been listed on the Bombay Stock Exchange Limited and they rank pari passu with the existing equity shares in all respects.

Accordingly, the Paid-up Share Capital of the Company stood at Rs. 27,65,84,720 divided into 2,76,58,472 equity shares of Rs. 10/- each as on 31<sup>st</sup> March, 2016.

### Holding Company

The promoters of the Company i.e. Mahindra and Mahindra Limited (M & M) hold 1,51,44,433 equity shares which represents 54.76 percent of the total paid up capital of the Company. Your Company continues to be a subsidiary company of M & M. The Company does not have any subsidiary company.

### Contracts and arrangements with Related Parties

During the financial year, all contracts/ arrangements/transactions entered by the Company with related parties were in the ordinary course of business on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company with materiality of related party transactions.

All related party transactions are placed before the Audit Committee for approval wherever applicable. Prior omnibus approval is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as the transactions which cannot be foreseen and accordingly, the required disclosures are made to the Committee on quarterly basis in terms of approval of the Committee.

The Company's major related party transactions are generally with its holding and associate companies. The related party transactions are entered into based on considerations of various business

exigencies, such as synergy in operations, sales transactions through tenders or otherwise. All related party transactions are negotiated on an arms-length basis, and are intended to promote the Company's interests.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: [http://www.epcmahindra.com/pdf/EPC\\_Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.epcmahindra.com/pdf/EPC_Policy_on_Related_Party_Transactions.pdf) The related party transactions have been set out in the Note No. 30 to the financial statement.

### **Risk Management**

During the year, your Company has a well-defined risk management framework in place. The risk management framework works at various levels across the enterprise. These levels form the strategic defence cover of the Company's risk management. The Company has a robust organisational structure for managing and reporting on risks.

Your Company has constituted a Risk Management Committee under the chairmanship of Mr. Nikhilesh Panchal and Mr. Ashok Sharma and Mr. Anand Daga being other members. The Committee has been entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. The Risk Management Policy was reviewed and recommended by the Risk Management Committee and approved by the Board of Directors.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives, risk mitigation measures and internal controls and processes.

### **Industrial Relations**

The industrial relations continue to be peaceful and cordial at all levels. The Directors wish to place on record their sincere appreciation of the Company's employees at all levels. The Company's consistent growth is made possible by their hard work solidarity, co-operation and support.

The Management Discussion and Analysis Report gives an overview of the developments in Human Resources/Industrial Relations during the year.

### **Safety, Health and Environmental Performance**

Your Company's commitment towards safety, health and environment is being continuously enhanced and your Company encourages involvement of all its employees in activities related to safety, including promotion of safety standards.

During the year under review, no major accidents occurred. The Safety Committee regularly reviews the adherence of safety norms. Some of the programmes undertaken by the Company such as the behaviour based safety training, Knowledge based fire extinguisher training, and fire fighting training and safety awareness have resulted in the reduction of number of accidents.

Various health checkup programmes for employees were regularly undertaken by the Company during the year.

Requirements relating to various environmental legislations and environment protection have been duly complied by your Company.

### **Directors and Key Managerial Personnel**

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Non independent Director Ms. Sangeeta Prasad would retire and, being eligible, has offered herself for reappointment.

The Board of Directors on 21<sup>st</sup> March, 2016 elevated Mr. Ashok Sharma as Managing Director of the Company with effect from 21<sup>st</sup> March, 2016 for the remaining period of his appointment i.e. till 30<sup>th</sup> September, 2017 on a consolidated remuneration of Rs. 24,00,000/- (Rupees Twenty Four lacs only) per annum. Mr. Ashok Sharma is also receiving a remuneration from the holding Company M/s. Mahindra and Mahindra Limited.

In terms of the provisions of Section 149 of the Companies Act, 2013 and other applicable provisions, if any, the Shareholders have appointed Mr. Vinayak Patil, Mr. Nikhilesh Panchal and Mr. Anand Daga as Independent Directors of the Company for a period of 5 years in the Annual General Meeting held on 31<sup>st</sup> July, 2014, who are not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and as per the provisions of Section 149(6) of the Companies Act, 2013.

During the year under review, the Company has appointed Mr. Sanjeev Mohoni as Chief Executive Officer of the Company with effect from 1<sup>st</sup> June, 2015 to look after overall operations of the Company.

The information required pursuant to Section 197(12) read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ratio of remuneration of a director to the median remuneration of the employees of the Company for the financial year is given in the Annexure III to this Report.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive director. The statement indicating the manner in which formal annual evaluation of the Directors, the Board and Board level committees are given in detail in the report on Corporate Governance, which forms part of this Annual Report.

The Company had on the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, followed a process of evaluation by the Board for its own performance and that of its Committees and individual Directors.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company.

The following policies of the Company are attached herewith marked as Annexure IV and Annexure V:

- a) Policy on Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management.
- b) Policy for Remuneration of the Directors, Key Managerial Personnel and other employees.

### Directors' Responsibility Statement

Pursuant to Section 134(5) (e) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, state that:

- a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements 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<sup>st</sup> March, 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: [http://www.epcmahindra.com/pdf/EPC\\_CSR\\_Policy.pdf](http://www.epcmahindra.com/pdf/EPC_CSR_Policy.pdf)

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Company has identified few focus areas of engagement which are as under:

- Rural Transformation: Creating sustainable livelihood solutions, addressing poverty, hunger and malnutrition.
- Health: Affordable solutions for healthcare through improved access, awareness and health seeking behaviour.
- Education: Access to quality education, training and skill enhancement.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.
- Disaster Response: Managing and responding to disaster.

During the year under review, your Company initiated few projects such as E-learning Portal to a school in the rural area, girl child education, pure drinking water, medical equipment for old age and disabled persons, medical check up camps, tree plantation etc. These projects were mainly implemented directly through employee participation.

During the year under review, the Company has spent Rs. 11.17 lacs which is around 2% of the average net profits of last three financial years on CSR activities.

The Annual Report on CSR activities is annexed herewith marked as Annexure VI.

### Internal Complaints Committee

During the year under review, no complaints were reported to/ resolved by the Committee for the year ended 31<sup>st</sup> March, 2016 in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### Vigil Mechanism/Whistle Blower policy

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a vigil mechanism policy. This policy is explained in the Report on Corporate Governance and also posted on the website of Company.

### Auditors

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Baroda holds office until the conclusion of the ensuing Annual General Meeting. The Auditors are eligible for reappointment under Section 139(1) of the Companies Act, 2013 and have furnished a certificate to this effect. In accordance with the provisions of Section 139(2) of the Companies Act, 2013, first term of five years of the Auditors is being completed in the ensuing Annual General Meeting. The Directors recommend their reappointment as Auditors of the Company for a period of five years i.e. till the conclusion of the Annual General Meeting to be held in July, 2021.

### Cost Auditors

The Company had filed the Cost Audit Report as per the Companies (Cost Accounting Records) Rules, 2011 prescribed under Section 148(6) of Companies Act, 2013 and Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014 pertaining to the financial year 2014-15 before the due date of filing.

Pursuant to Section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Audit Committee appointed M/s Shilpa & Company, Cost Accountants, as the Cost Auditors of the Company for the financial year 2016-17. M/s Shilpa & Company have confirmed that their appointment, is within the limits of Section 139 of the Companies Act, 2013 and have also certified that they are free from any disqualification specified under Sections 141 (3) and 148 (5) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

The Directors recommend the remuneration payable to the Cost Auditors of the Company for the year 2016-17. The approval from Shareholders for the remuneration payable to the Cost Auditors is being sought at the ensuing Annual General Meeting.

### Secretarial Auditors

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Board has appointed Mr. Sachin Bhagwat, Practising Company Secretary, to conduct Secretarial Audit for the financial

year 2015-16. The Secretarial Audit Report for the financial year ended on 31st March, 2016 is annexed as Annexure VII to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### **Public Deposits & Loans/Advances**

During the year, the Company did not accept any fixed deposit. There were unclaimed/unpaid deposits and unclaimed/unpaid interest warrants outstanding as on 31<sup>st</sup> March, 2016 amounting to Rs. 0.91 lacs. Your Company has neither made any loans or advances nor did any guarantees or securities provide which are required to be disclosed in the Annual Accounts of the Company.

#### **Uses & Application of Funds raised under Rights Issue**

In the year 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41.43 crores under the Rights Issue.

The uses and application of funds raised under Rights Issue are given in Note No. 27.6 to the Financial Statement. The Uses and Application of funds under Rights Issue are monitored regularly by the Audit Committee.

#### **Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo**

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under sub-section(3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure VIII to this Report.

#### **DISCLOSURES:**

##### **Audit Committee**

The Audit Committee comprises Independent Directors namely M/s. Vinayak Patil (Chairman), S Durgashankar and Anand Daga as other members.

All the recommendations made by the Audit Committee were accepted by the Board.

##### **CSR Committee**

The CSR Committee comprises M/s Ashok Sharma (Chairman), S Durgashankar and Vinayak Patil as other members.

##### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises Directors namely M/s. Anand Daga (Chairman), S Durgashankar and Vinayak Patil as other members.

##### **Meetings of the Board**

Five meetings of the Board of Directors were held during the year. For further details, please refer the Report on Corporate Governance of this Annual Report.

##### **Extract of Annual Return**

Pursuant to Sub-section 3(a) of Section 134 and sub Sub-section 3 of Section 92 of the Companies Act, 2013, read with Rule 12(1) of the Companies ( Management and Administration) Rules 2014, the extracts of Annual Return of the Company as at 31<sup>st</sup> March, 2016 is annexed herewith as Annexure IX to this Report.

#### **Statement of deviation(s) or variation (s)**

During the year under review, there were no deviations of funds reported to the Audit Committee in respect of the funds raised in the year 2012, under Rights Issue.

#### **General**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. There were no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. There were no frauds reported by auditors (including Secretarial and Cost auditor) to the Audit Committee or Board and also not reported to the Central Government.

#### **Particulars of Employees**

The Company had one employee who was in receipt of remuneration of not less than Rs. 60,00,000 during the year ended 31<sup>st</sup> March, 2016 or not less than Rs. 5,00,000 per month during any part of the year. Disclosures with respect to the remuneration of Directors, KMPs and employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(1)(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure III to this Report.

#### **Acknowledgements**

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and continued support received from customers, vendors, suppliers, bankers, business associates and shareholders.

For and On behalf of the Board

**Vinayak Patil**  
Director

**Ashok Sharma**  
Managing Director

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2016

## ANNEXURE I TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Overview

It is significant to note that a very small portion of world's water is fresh, and roughly one-third of it is inaccessible, the rest being very unevenly distributed. The available supplies are increasingly getting contaminated with wastes and pollution from industry, agriculture, and households.

Over the years, increasing population, growing industrialisation, expanding agriculture, and rising standards of living have pushed up the demand for water. Efforts have been made to collect water by building dams and reservoirs and creating ground water structures such as wells. However, there is a growing realisation that there are limits to 'finding more water' and in the long run, we need to know the amount of water we can reasonably expect to tap and also learn to use it more efficiently.

With the objective of conserving water, minimizing wastage, and ensuring that it is distributed equally, both across and within the states, through integrated water resources development and management, the Government of India has formulated National Water Mission with distinctive objectives so as to increase the water use efficiency by 20% by 2017.

Micro irrigation has emerged as the front runner solution which offers a benefit in terms of appreciable reduction in volume of water used as well as results in higher agricultural productivity. Use of fertigation further enhances the productivity and offers a dual advantage of fertiliser saving and non-pollution of ground water as well as surface runoff water.

#### Industry Structure and Developments

The demand for water by the Agriculture Sector will grow rapidly on account of growing needs of agriculture and horticulture produce and raw materials for various industries. Simultaneously, the demand for water for other sectors, including drinking water, industrial water, etc. would also grow rapidly, thus impacting the share of water allotted to the Agriculture Sector. It is generally estimated that the share of water for Agriculture Sector will fall from current 84% to 69% by the year 2025. In this scenario, the demand for Micro Irrigation Systems is bound to grow at a very fast rate and demand will continue to outpace supply.

Adoption of micro irrigation was accelerated through Central Government's assistance and many of the developed States have recognised the impact of micro irrigation, resulting in significant State assistance to the farmers. Normally, around 50 per cent financial assistance is provided to farmers for adopting micro irrigation system by the State and Central Governments. In order to further accelerate the adoption of micro irrigation by farmers, some of the States extend further assistance which can reduce the cost of system by as much as 70-80 per cent.

The Indian micro irrigation system industry, which comprises of segments such as drip irrigation and sprinkler irrigation, has grown significantly over the last few years due to increase in the demand for agricultural food products. The micro irrigation system industry in India is highly fragmented with nearly 200 companies. There is a fierce competition in the market, with a large number of organized and unorganized players engaged in the manufacturing and installation of micro irrigation systems.

Your Company is presently a major supplier of micro irrigation systems (MIS) in India. Our strong brand name, expertise in agronomy services, and widespread network have contributed to our growth.

#### Opportunities and Outlook

The long-term outlook of the micro irrigation industry is robust. Though we have had several specific schemes to promote micro irrigation, the recently announced Pradhan Mantri Krishi Sinchai Yojana (PMKSY) aims to address the issue in a holistic manner. PMKSY is conceived to achieve convergence of investments to address the problem of irrigation at large – Expanding irrigated area (Har Khet Ko Paani), Efficient distribution water from the sources, Improving water-use efficiency through precision irrigation and other water saving technologies (More Crop Per Drop), and Promoting water conservation practices. It brings all concerned ministries & departments engaged in creation/distribution/use of water under a common platform to have a comprehensive and holistic view of the entire "water cycle". The total fund earmarked for this scheme is Rs. 50,000 crores for a period of five years (F16 to F20). However, continuous droughts in Maharashtra, Gujarat, Karnataka and Madhya Pradesh, which are major markets for micro irrigation, have dampened the demand for micro irrigation systems to some extent, which in turn has affected our industry. It is expected that a good monsoon this year will help boost the pent-up demand for micro irrigation and with a stable government at the Centre and in major States, we envisage that it will contribute to the growth of micro irrigation industry with consistent policies for subsidies.

#### Operations and Financial Performance

During the year 2015-16, your Company achieved Sales Turnover of Rs. 204.78 crores as compared to Rs. 169.19 crores in the preceding year reflecting a growth of 21%. The major factors contributing to this improvement in performance were: Focus on profitable businesses and markets, Penetration in newer markets, Deployment of cost control measures, and Effective working capital management.

These initiatives enabled your Company to achieve improved profitability, and growth in revenue, despite some uncertainties owing to the late announcement of policy in some important markets. Relentless efforts in product and process improvement,

and quality not only contributed to improved efficiencies, but also enabled your company to improve farmers' productivity further.

During the year under review, your Company has almost doubled the performance in Pumps and Polyhouse businesses. In pumps, this has come through improvement in product range and quality, expansion of channel network, and improvement in customer care services. During the year, the Company has also introduced Open Well Sub-mersible Pumps, Monoblock Pumps, and Direct Online Starters.

As regards the Poly house business, your Company has grown in several States and has installed some Hi-tech Poly houses for specific applications. With a strong team in place, we expect to see some further growth in this business through a continuous focus on cost reduction and process improvement.

### **Risks, Concerns and Threats**

The Micro Irrigation industry's growth is majorly dependent on the government policies and release of subsidies etc. in the short term. Growth in industry will further need a large pool of trained personnel and a dedicated dealer network with deep penetration in newer markets of the country. Further, the uneven distribution of rainfall in the country, consecutive drought like situation in the previous years and fluctuations in the polymer prices are constant threats faced by the industry. Low cost quality competition is another concern area for the industry.

Seasonality is a major problem for all irrigation Companies as bulk of the major business is derived in non-monsoon months. However, with the well-spread operations in western, southern and northern States where monsoon months vary, your Company's operations are balanced to a certain extent.

Continuous healthy growth of agriculture, ambitious mega micro irrigation projects of few States and the increasing demand for micro irrigation systems in the other markets will provide ample opportunities for growth of the business.

### **Internal Control Systems**

Your Company has adequate internal control procedures commensurate with its size and nature of business. The internal control system in the Company is designed to further the interests of all stakeholders and it is supplemented by extensive internal audits, regular reviews by management through external consultants, and well-documented policies and guidelines to ensure reliability and speedy compilation of financial statements, safeguard the assets and interests of the Company and also to ensure compliance with laws and regulations. The internal control framework comprises of elements like entry level controls, Risk Control Matrix, management testing programs and a strong emphasis on integrity and ethics as a part of work culture. The Company continuously upgrades these systems in line with the best accounting practices. The Audit Committee of Board of Directors periodically reviews the audit plans, observations and the recommendations of internal and external auditors

with reference to significant risk areas and adequacy of internal controls.

Based on management's assessment and testing of controls, it is concluded that the Company has proper internal financial controls which are considered adequate and are operating effectively.

### **Human Resources**

Your Company has a robust process for crafting the HR strategy which is aligned with the business strategy. Based on this, key levers or areas of focus to make EPC a great work place are worked upon and execution of the same has taken place in your Company to achieve the goal.

Human resource initiatives such as skill level upgradation, recruitment grid, formation of cross functional teams for business innovation, appropriate reward and recognition systems and productivity improvement are the key focus areas for development of the employees of the Company. The measures for safety, training, welfare and development of employees receive highest priority.

Your Company wants its sales employees to not just sell the product but also talk the language of crops with the farmer customer. In line with this objective and also based on the approach of imparting training to the employees based on the training needs identified for them, crop related trainings, agronomy based capability building, and other skill building programs (across EPC) were actively carried out in 2015-16.

The Company periodically conducts Samwaad – Employee Engagement Survey and Vicharmanthan. These diagnostic tools acts as powerful medium to understand employees' expectations, feedbacks, suggestions and ideas for overall improvement in the working of the Company. Your company has actively worked upon the suggestions given by employees and has implemented various such suggestions for the betterment of the Company.

Your Company's Human Resource vertical, through its ever evolving employee-friendly policies and processes, has kept the morale of the employees high.

As we look ahead, we are confident that our strong, positive people philosophy and practices will make us a preferred destination for talent in the industry.

As on 31<sup>st</sup> March, 2016, the total number of employees of your Company was 438.

### **Cautionary Note**

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements and risks and opportunities may differ from those expressed or implied in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



## ANNEXURE II TO DIRECTORS' REPORT

### Disclosures with respect to Employees Stock Option Scheme of the Company pursuant to the provisions of the Companies Act, 2013.

Particulars	Employees Stock Option Scheme, 2014		
(a) Options granted	83,652		
(b) Options vested	14,108		
(c) Options exercised	14,108		
(d) The total number of shares arising as a result of exercise of option	83,652		
(e) Options lapsed	13,185		
(f) Exercise price	Rs. 10		
(g) Variation of terms of options	Nil		
(h) Money realised by exercise of options	Rs. 1,41,080		
(i) Total number of options in force	56,359		
(j) Employee wise details of options granted to			
(i) Key Managerial Personnel	1) Mayur Bumb – 11,059 2) Ratnakar Nawghare – 7,029		
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	1) Kiran Soman – 16,862 2) Deepak Bajaj – 6,498* 3) Kedarnath Keskar – 4,688 4) Makarand Mallikar – 4,675 5) Ranveer Singh Malhotra – 4,644 6) Hemant Sahu – 4,130* 7) Arvind Gulghane – 4,024 8) G. Ragupathi – 3,228  * Resigned.		
(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil		
(k) Basic and Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Basic Earnings per Share - Rs. 3.32 & Diluted Earnings per Share - Rs. 3.31		
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Company has calculated the employee compensation cost, using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted under the Employees Stock Option Scheme, 2014, the employee compensation would have been higher by Rs. 6.12 lacs, Profit after Tax lower by Rs. 6.12 lacs and the basic and diluted earnings per share would have been lower by Rs. 3.32 and Rs. 3.31 respectively.		
(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	<b>Options Grants Date</b>	<b>Exercise Price</b>	<b>Fair Value (Rs.)</b>
	28 <sup>th</sup> October, 2014 and 31 <sup>st</sup> October, 2015	10	170.97
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The fair value of the Stock Options granted on 28 <sup>th</sup> October, 2014 and 31 <sup>st</sup> October, 2015 have been calculated using Black-Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:		
(i) risk-free interest rate	– 8.06%		
(ii) expected life	– 3.50 years		
(iii) expected volatility,	– 55%		
(iv) expected dividends and	Nil, as the Company has not declared any dividend.		
(v) the price of the underlying share in market at the time of option grant.	Rs. 177.75 and Rs. 158.10 respectively.		

**ANNEXURE III TO DIRECTORS' REPORT****A. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No.	Requirements	Disclosure										
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.	7.04										
2	The percentage increase in remuneration of each Director, CEO, CFO & CS.	MD – 100%* CEO – Nil** CFO – 3% CS – 4%										
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees in the financial year was increased by 10%. The calculation of % increase in median remuneration is done based on comparable employees.										
4	The number of permanent employees on the rolls of the company.	There were 336 permanent employees as on 31 <sup>st</sup> March, 2016.										
5	The explanation on the relationship between average increase in remuneration and company performance.	Factors considered while recommending increases in the fixed compensation: a) Performance of the Company; b) Remuneration with peer companies; c) Industry benchmarking and consideration towards cost of living adjustment/inflation. d) ESOP scheme, which is part of the remuneration on a long term basis, is prepared in accordance with SEBI and other regulatory guidelines and shareholders. e) The Company follows holistic performance review mechanism to ensure that the increase is commensurate with the effort and it is aligned with the performance with the Company.										
6	Comparison of the remuneration of the key managerial personnel against the performance of the company.	For the FY 2015 – 16, KMP's were paid approx 18.64% of Net Profit for the year as compared to 40% in FY 2014 – 15. The percentage is decreased mainly due to higher profits of the current year.										
7	a) Variations in the market capitalisation of the Company: b) Price Earnings ratio of the Company: c) Percent increase over/decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year:	The market capitalisation as on March 31, 2016 was Rs. 334.50 Crores (Rs. 447.01 crore as on March 31, 2015). Price Earnings ratio of the Company was 36.45 as at March 31, 2016 and was 248.77 as at March 31, 2015. The Company had Rights Issue offer in the year 2012. An amount of Rs. 1000 invested in the said Rights Issue would be worth Rs. 3025 as on March 31, 2016 indicating a Compounded Annual Growth Rate of 76%.										
8	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage change in Managerial employees is 5% whereas the average percentage change in Non – Managerial employees is 7% in 2015-16.										
9	Comparison of each remuneration of the Key Managerial Personnel against the performance of the company	The comparison of remuneration of each of the Key Managerial personnel against the performance of the Company. <table border="1"> <thead> <tr> <th>Particulars</th> <th>% of Net Profits for FY 2015-16</th> </tr> </thead> <tbody> <tr> <td>MD</td> <td>2.6%</td> </tr> <tr> <td>CEO</td> <td>9.2%</td> </tr> <tr> <td>CFO</td> <td>4.0%</td> </tr> <tr> <td>CS</td> <td>2.8%</td> </tr> </tbody> </table>	Particulars	% of Net Profits for FY 2015-16	MD	2.6%	CEO	9.2%	CFO	4.0%	CS	2.8%
Particulars	% of Net Profits for FY 2015-16											
MD	2.6%											
CEO	9.2%											
CFO	4.0%											
CS	2.8%											
10	The key parameters for any variable component of remuneration availed by the directors	No variable component of remuneration is being given to the Managing Director. The Managing Director is receiving consolidated remuneration.										
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and	Ratio is 0.105 and there are 7 such employees receiving remuneration more than the director's remuneration.										
12	Affirmation that the remuneration is as per the remuneration policy of the company	Yes, it is affirmed.										

\* The remuneration of MD revised from 21<sup>st</sup> March, 2016.\*\* The remuneration of CEO started from 1<sup>st</sup> June, 2015.

**B Information as per Rule 5(2) and 5(3) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

Employed for part of the year with an average salary above Rs. 5 lacs per month

Sr. No.	Name of Employee & Designation	Date of Joining	Remuneration (Rs.)	Educational Qualification	Age	Experience	Last Employment
1	Sanjeev Mohoni Chief Executive Officer	1 <sup>st</sup> June, 2015	Rs. 84,74,167/-	B.E. (Mech.) & MMS (Finance)	57 years	33 years	Mahindra Yueda Yenchnag Tractor Company Ltd.

**Notes:**

1. Remuneration comprises of salary, allowances, performance based payments, perquisite and company's contribution to PF and superannuation as per the definition contained in Section 2(78) of the Companies Act, 2013 paid during the year.
2. The nature of employment is contractual and working in India and the employee does not hold 2% or more of the paid up equity share capital of the Company as per clause (iii) of sub-rule (2) of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
3. Further, the employee is not a relative of any director or manager of the Company.

## ANNEXURE IV TO DIRECTORS' REPORT

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means EPC Industrié Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Whole Time Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Whole Time Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

#### II. SUCCESSION PLANNING:

##### Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

##### Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

**Senior Management Personnel:**

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

**Policy Statement**

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

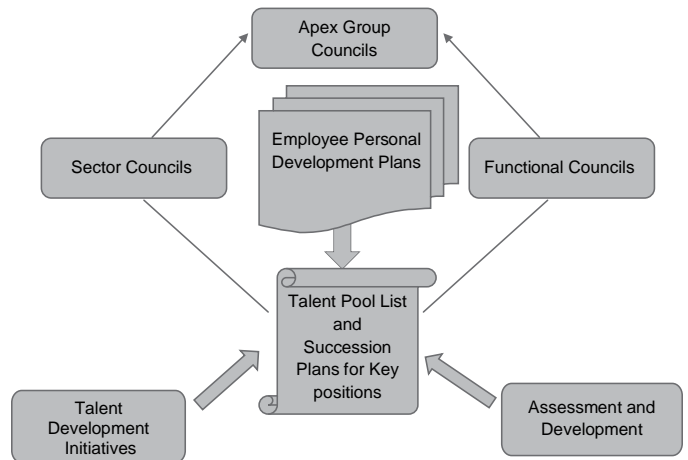
The framework lays down an architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage

- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

## ANNEXURE V TO DIRECTORS' REPORT

### POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

#### Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in EPC Industrié Limited.

#### Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### Whole Time Director or Executive Director or CEO:

The remuneration to Whole Time Director or Executive Director or CEO shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance or alternatively, the NRC may recommend to pay the consolidated remuneration.

#### Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) shall be determined by the Audit Committee from time to time. The terms of remuneration of the Company Secretary shall be finalised/revised by the Whole Time Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

## ANNEXURE VI TO DIRECTORS' REPORT

### Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2015-16

1	Brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee.	Refer Sections: (a) Corporate Social Responsibility and (b) Disclosures: CSR Committee in the Annual Report
2	Average net profit of the Company for last three financial years	Rs. 4,94,89,523
3	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	Rs. 9,89,790
4	Details of CSR spent during the financial year	Rs. 11,16,775
5	Total amount to be spent for the financial year	Rs. 11,16,775
6	Amount unspent, if any	Rs. Nil
7	Manner in which the amount spent during the financial year	Details given below

These projects were implemented under the monitoring of CSR Committee. The details of CSR spent during the financial year under the aforesaid CSR activities are mentioned below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Issue of shoes to school students	Rural Development	Local. Talegaon Anjeneri, Tal. Trimbak District Nashik, Maharashtra	47,632	47,632	47,632	Direct
2	Supply of E-learning portal	Rural Development	Local, Dhaur Tal. Dindori. District Nashik, Maharashtra	96,000	96,000	96,000	Direct
3	Supply of drinking water pipe line	Rural Development	Local. Talegaon Anjeneri, Tal. Trimbak. District Nashik, Maharashtra	1,99,490	1,99,490	1,99,490	Direct
4	Nanhi Kali	Education	Local District Nashik, Maharashtra	5,47,200	5,47,200	5,47,200	KC Mahindra Education Trust*
5	Tree plantation	Environment	Talegaon Anjeneri, Tal. Trimbak. District Nashik, Maharashtra	24,194	24,194	24,194	Direct
6	Medical checkup of women	Health	Talegaon Anjeneri, Tal. Trimbak. District Nashik, Maharashtra	1,42,959	1,42,959	1,42,959	Direct
7	Folding Toilet chairs & walkers	Health & old age home	Local. District Nashik, Maharashtra	59,300	59,300	59,300	Direct
	Total			11,16,775	11,16,775	11,16,775	

\* The K. C. Mahindra Education Trust was founded by the late Mr. K. C. Mahindra in the year 1953, with an objective of promoting literacy and higher learning in the country.

#### Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

**Vinayak Patil**  
Director

**Ashok Sharma**  
Managing Director  
& Chairman of  
CSR Committee

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2016

**ANNEXURE VII TO DIRECTORS' REPORT****SECRETARIAL AUDIT REPORT****For the financial year ended 31<sup>st</sup> March, 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
EPC Industrie Limited  
Plot No. H-109, M.I.D.C. Ambad  
Nashik 422010

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by EPC Industrie Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings (Not applicable to the Company during the audit period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit period)**;

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit period)**;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit period)**; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit period)**.

- (vi) According to the information provided by the Company, no other law was specifically applicable to the Company;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period no specific events/actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Place : Pune

Date : 16<sup>th</sup> May, 2016

**Sachin Bhagwat**

ACS: 10189

CP: 6029



## ANNEXURE VIII TO DIRECTORS' REPORT

PARTICULARS AS PER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016

### A. Conservation of Energy

Your Company has always been giving priority to the conservation of energy and technology upgradation. To conserve energy and reduce energy cost, various initiatives were taken during the year.

#### (a) the steps taken or impact on conservation of energy:

- New designed extruders and downstream equipment for higher output in place of old one.
- Power factor is being maintained at unity.
- Improvement in productivity and savings in power consumption due to in-house technological innovations.
- Installation of newly designed moulds and high speed machines.
- Continuous raw material supply for higher productivity.
- Continuous improvements within production area, efficient production planning and improved preventive maintenance resulting into higher up time.

#### (b) the steps taken by the company for utilising alternate sources of energy:

The Company has explored the potential of using the alternate sources of energy through pilot projects which may be considered for implementation in future and your Company would continue to explore alternative sources of energy in future.

#### (c) the capital investment on energy conservation equipments:

Nil

### B. Technology Absorption,

#### (i) the efforts made towards technology absorption

Technology is the key enabler and core facilitator to achieve goals of your Company. Since inception, your Company has been at the forefront of leveraging technology to provide better products and services to its customers. The Company's efforts are always focused on making in-house developments, improvement in products and processes, reduction in costs.

#### (ii) the benefits derived like product improvement, cost reduction, product development or import substitution

Technology has always responded by being a true strategic partner with the business. Many first mover implementations/developments have provided business, long lasting advantages to the Company.

Apart from product development, product improvement and effective cost management, technology has played a major role in ensuring high level of customer satisfaction and providing competitive advantage.

#### (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Nil

- (a) the details of technology imported -NA
- (b) the year of import -NA
- (c) whether the technology been fully absorbed - NA
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

#### (iv) Expenditure of Research and Development:

	(Rs. In Thousands)	
	2015-16	2014-15
(a) Capital Expenditure	Nil	Nil
(b) Recurring Expenditure	244	296
(c) Total	244	296
(d) Total R&D expenditure as a% of total turnover	0.01	0.01

### C. Foreign Exchange Earnings & Outgo

The Company is assessing the potential countries where the exports business can be explored.

Particulars with regard to foreign exchange earned and outgo are given in the Note No. 27 to the Financial Statements.

For and on behalf of the Board

**Vinayak Patil**                      **Ashok Sharma**  
Director                                      Managing Director

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2016

**ANNEXURE IX TO DIRECTORS' REPORT****EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31<sup>st</sup> March, 2016**[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:-	L25200MH1981PLC025731
ii)	Registration Date:-	28/11/1981
iii)	Name of the Company:-	<b>EPC Industrié Limited</b>
iv)	Category/Sub-Category of the Company:	Public Limited
v)	Address of the Registered office and contact details:-	Plot No.H-109, MIDC Ambad, Nashik-422 010 Ph No: 0253-2381081/6642000
vi)	Whether listed company: Yes/No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:-	Sharepro Services (I) Pvt. Ltd. 13AB, Samhita Warehousing Complex 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane Off: Andheri Kurla Road, Sakinaka Andheri (East), Mumbai-400 072 Tel No. 022-67720421/403

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Micro Irrigation Systems - Drip and Sprinklers	842400	92.2

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Holding	54.76	2(46)

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Shareholding**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
(1) Indian	0	0	0	0	0	0	0	0	
a) Individual/HUF	0	0	0	0	0	0	0	0	
b) Central Govt.	0	0	0	0	0	0	0	0	
c) State Govt(s)									
d) Bodies Corporate	1,51,44,433	0	1,51,44,433	54.78	1,51,44,433	0	1,51,44,433	54.76	(0.02)
e) Banks/FI	0	0	0	0	0	0	0	0	
f) Any other	0	0	0	0	0	0	0	0	
<b>Sub-Total (A)(1):-</b>	<b>1,51,44,433</b>	<b>0</b>	<b>1,51,44,433</b>	<b>54.78</b>	<b>1,51,44,433</b>	<b>0</b>	<b>1,51,44,433</b>	<b>54.76</b>	<b>(0.02)</b>

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	
b) Other-Individuals	0	0	0	0	0	0	0	0	
c) Bodies Corp.	0	0	0	0	0	0	0	0	
d) Banks/FI	0	0	0	0	0	0	0	0	
e) Any other	0	0	0	0	0	0	0	0	
<b>Sub-Total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>1,51,44,433</b>	<b>0</b>	<b>1,51,44,433</b>	<b>54.78</b>	<b>1,51,44,433</b>	<b>0</b>	<b>1,51,44,433</b>	<b>54.76</b>	<b>(0.02)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	3,55,836	0	3,55,836	1.29	2,90,569	0	2,90,569	1.05	(0.24)
b) Banks/FI	0	200	200	0	0	200	200	0	(0.00)
c) Central Govt(s)	0	0	0	0	0	0	0	0	–
e) Venture Capital Funds	0	0	0	0	0	0	0	0	–
f) Insurance Companies	0	0	0	0	0	0	0	0	–
g) FIs	0	0	0	0	0	0	0	0	–
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	–
i) Others (specify)	4,52,389	0	4,52,389	1.64	12,77,600	0	12,77,600	4.62	2.98
<b>Sub-Total (B)(1):-</b>	<b>8,08,225</b>	<b>200</b>	<b>8,08,425</b>	<b>2.92</b>	<b>15,68,169</b>	<b>0</b>	<b>15,68,369</b>	<b>5.67</b>	<b>2.75</b>
<b>2. Non-Institutions</b>									
a) Bodies corp.	52,09,733	4,460	52,14,193	18.86	27,50,933	4,460	27,55,393	9.96	(8.90)
i) Indian	0	0	0	0	0	0	0	0	–
ii) Overseas	0	0	0	0	0	0	0	0	–
b) Individuals									–
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	25,08,228	6,32,550	31,40,778	11.36	35,99,094	6,02,260	42,01,354	15.19	3.83
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	30,48,495	0	30,48,495	11.03	36,81,255	0	36,81,255	13.31	2.28
c) Others (specify)	1,78,840	1,09,200	2,88,040	1.04	2,02,468	1,05,200	3,07,668	1.11	0.07
<b>Sub-Total (B)(2):-</b>	<b>1,09,45,296</b>	<b>7,46,210</b>	<b>1,16,91,506</b>	<b>42.29</b>	<b>1,02,33,750</b>	<b>7,12,120</b>	<b>1,09,45,670</b>	<b>39.57</b>	<b>(2.72)</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>1,17,53,521</b>	<b>7,46,410</b>	<b>1,24,99,931</b>	<b>45.22</b>	<b>1,18,01,919</b>	<b>7,12,120</b>	<b>1,25,14,039</b>	<b>45.24</b>	<b>0.02</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	–
<b>Grand Total (A+B+C)</b>	<b>2,68,97,954</b>	<b>7,46,410</b>	<b>2,76,44,364</b>	<b>100.00</b>	<b>2,69,46,352</b>	<b>7,12,120</b>	<b>2,76,58,472</b>	<b>100.00</b>	<b>0.0</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Mahindra and Mahindra Ltd.	1,51,44,433	54.78	Nil	1,51,44,433	54.76	Nil	0.02 Due to allotment of 14108 shares under ESOP Scheme-2014

**(iii) Change in Promoters Shareholding (please specify, if there is no change) Nil**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	<b>At the beginning of the year</b>	No change*			
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	No change*			
	<b>At the end of the year</b>	No change*			

\* The shareholding of Promoters has not changed in absolute terms.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	<b>At the beginning of the year</b>							
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):							
1	RELIANCE CAPITAL LIMITED	1025000	3.71	31/12/2015	350000	Transfer	1375000	4.97
				08/01/2016	-100000	Transfer	1275000	4.61
				<b>31/03/2016</b>			<b>1275000</b>	<b>4.61</b>
2	PAYONE ENTERPRISES PRIVATE LIMITED	706000	2.55	25/12/2015	-250000	Transfer	456000	1.65
				31/12/2015	-456000	Transfer	0	
				<b>31/03/2016</b>			<b>0</b>	<b>0.00</b>
3	SCIL VENTURES LIMITED	653200	2.36	01/04/2015	0	Nil	653200	2.36
				<b>31/03/2016</b>			<b>653200</b>	<b>2.36</b>
4	AADI FINANCIAL ADVISORS LLP	625000	2.26	01/04/2015	0		625000	2.26
				<b>31/03/2016</b>	<b>-208333</b>	<b>Transfer</b>	<b>416667</b>	<b>1.51</b>
5	MARCO PRIVATE LIMITED	520000	1.88	01/04/2015	-7719	Transfer	512281	1.85
				17/07/2015	-152655	Transfer	359626	1.30
				24/07/2015	-94626	Transfer	265000	0.96
				26/02/2016	-47851	Transfer	217149	0.79
				04/03/2016	-38649	Transfer	178500	0.65
				11/03/2016	-14042	Transfer	164458	0.59
				18/03/2016	-6164	Transfer	158294	0.57
				<b>31/03/2016</b>			<b>158294</b>	<b>0.57</b>
6	RAJASHEKAR SWAMINATHAN IYER	446800	1.62	01/04/2015	0	Nil	446800	1.62
				<b>31/03/2016</b>			<b>446800</b>	<b>1.62</b>

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
7	MUKUL MAHAVIR PRASAD AGRAWAL	320269	1.16	01/04/2015	0	Nil	320269	1.16
				<b>31/03/2016</b>			<b>320269</b>	<b>1.16</b>
8	SBI MAGNUM COMMA FUND	280836	1.02	10/07/2015	759	Transfer	281595	1.02
				17/07/2015	8974	Transfer	290569	1.05
				<b>31/03/2016</b>			<b>290569</b>	
9	PARAM CAPITAL RESEARCH PVT. LTD.	280000	1.01	01/04/2015	0	Nil		
				<b>31/03/2016</b>			<b>280000</b>	<b>1.01</b>
10	AMUNDI FUNDS EQUITY INDIA SELECT	202184	0.73	21/08/2015	-6926	Transfer	195258	0.71
				09/10/2015	-6483	Transfer	188775	0.68
				23/10/2015	-9243	Transfer	179532	0.65
				30/10/2015	-172451	Transfer	7081	0.03
				06/11/2015	-7081	Transfer	0	0.00
				<b>31/03/2016</b>			<b>0</b>	<b>0.00</b>

At the end of the year (or on the date of separation, if separated during the year)

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	<b>At the beginning of the year</b>							
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):							
	<b>Directors</b>							
1	ASHOK SHARMA	Nil	NA	NA	Nil	NA	Nil	NA
2	S DURGASHANKAR	Nil	NA	NA	Nil	NA	Nil	NA
3	NIKHILESH PANCHAL	Nil	NA	NA	Nil	NA	Nil	NA
4	SANGEETA PRASAD	Nil	NA	NA	Nil	NA	Nil	NA
5	ANAND DAGA	Nil	NA	NA	Nil	NA	Nil	NA
6	VINAYAK PATIL	Nil	NA	NA	Nil	NA	Nil	NA
	<b>Key Managerial Personnel</b>							
1	SANJEEV MOHONI	Nil	NA	NA	Nil	NA	Nil	NA
2	MAYUR BUMB	1	0.00	01/04/2015		0	1	0.00
				20/11/2015	2212	ESOSAllotment	2213	0.01
				<b>31/03/2016</b>			<b>2213</b>	<b>0.01</b>
3	RATNAKAR NAWGHARE	3950	0.01	01/04/2015	0	0	0	0.01
				20/11/2015	1406	ESOSAllotment	5356	0.02
			0.00	<b>31/03/2016</b>	<b>0</b>		<b>5356</b>	<b>0.02</b>

At the end of the year (or on the date of separation, if separated during the year)

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Amount in Rs.
				Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	–	7,405,873	–	7,405,873
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	–	<b>7,405,873.00</b>	–	<b>7,405,873.00</b>
<b>Change in indebtedness during the financial year</b>				
i) Addition	–	–	–	–
ii) Reduction	–	2,980,932	–	2,980,932
<b>Net Change</b>	–	<b>2,980,932.00</b>	–	<b>2,980,932.00</b>
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	–	4,424,941	–	4,424,941
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	–	<b>4,424,941.00</b>	–	<b>4,424,941.00</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	
		Mr. Ashok Sharma - MD	Total Amount in Rs.
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	1,230,000	1,230,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961.	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.	–	–
2	Stock option	–	–
3	Sweat Equity	–	–
4	Commission – as % of profit	–	–
	– others, specify		
5	Others, please specify	–	–
	<b>Total (A)</b>	<b>1,230,000</b>	<b>1,230,000</b>
	Ceiling as per the Act*	–	–

\* The Remuneration paid to Managing Director is within the prescribed ceiling under the Companies Act, 2013.

**B. Remuneration to other directors;**

Sl. No.	Particulars of Remuneration	Name of Directors			Amount in Rs.
		Mr. Vinayak Patil	Mr. Nikhilesh Panchal	Mr. Anand Daga	Total Amount
1	Independent Directors				
	* Fees for attending board committee meetings	390,000	110,000	350,000	850,000
	* Commission	364,788	364,788	364,788	1,094,365
	* Others, please specify	–	–	–	–
		–	–	–	–
	<b>Total (1)</b>	<b>754,788</b>	<b>474,788</b>	<b>714,788</b>	<b>1,944,364</b>
2	Other Non-Executive Directors				
	* Fees for attending board committee meetings	–	–	–	–
	* Commission	–	–	–	–
	* Others, please specify	–	–	–	–
	<b>Total (2)</b>	–	–	–	–
	<b>Total (B) = (1 + 2)</b>	<b>754,788</b>	<b>474,788</b>	<b>714,788</b>	<b>1,944,364</b>
	<b>Total Managerial Remuneration</b>				<b>3,174,364</b>
	Overall Ceiling as per the Act**				–

\*\* Within the prescribed ceiling under the Companies Act, 2013.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			(Rs. in Lakhs)
		Chief Executive Officer	Chief Financial Officer	Company Secretary	Total
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	84.74	33.35	22.80	140.89
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961.	–	3.54	2.40	5.94
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.	–	–	–	–
2	Stock Options Outstanding ( Nos.)	–	8,847	5,623	14,470
3	Sweat Equity	–	–	–	–
4	Commission – as % of profit	–	–	–	–
	– others, specify				
5	Others, please specify	–	–	–	–
	<b>Total</b>	<b>84.74</b>	<b>36.89</b>	<b>25.20</b>	<b>146.83</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act.	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

NIL

## REPORT ON CORPORATE GOVERNANCE

### 1. PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance Practices and have implemented all the stipulations prescribed.

A detailed report on corporate governance pursuant to the requirements of the listing agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. A certificate from the statutory auditors of the Company, confirming compliance of conditions of Corporate Governance as stipulated under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.

### 2. BOARD OF DIRECTORS

#### (a) Composition and Category of Directors:

The composition of the Board of Directors is in conformity with the Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. Currently, the Board comprises of six Directors, out of which one is Executive Director and five are Non-Executive Directors. The number of Non-executive Directors comprising three Independent Directors is more than one-half of the total number of Directors. All the Directors have made necessary disclosures under Corporate Governance norms and the applicable provisions of the Companies Act, 2013. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Affiliates which in their judgment would affect their independence. All the independent Directors have given confirmation in this regard. None of the Directors of the Company are inter-se related to each other.

Professional fees for the year under review to Khaitan & Co., Advocate & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive and Independent Director is a partner, amounts to Rs. 1,17,250/- (including out of pocket expenses).

The Senior Management personnel have made disclosures to the Board confirming that there are

no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

#### (b) Number and dates of Board Meetings held and Attendance of the Directors at Meetings of the Board and at the Annual General Meeting.

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. During the financial year under review, five Board Meetings were held on the following dates 27<sup>th</sup> April, 2015, 31<sup>st</sup> July, 2015, 30<sup>th</sup> October, 2015, 30<sup>th</sup> January, 2016 and 21<sup>st</sup> March, 2016. The gap between two Meetings did not exceed four months. These meetings were well attended. The 33<sup>rd</sup> Annual General Meeting of the Company was held on 31<sup>st</sup> July, 2015.

The attendance of the Directors at these meetings is as under:

Directors	Number of Board Meetings Attended	Attendance at the AGM
Mr. Ashok Sharma	5	Yes
Mr. Vinayak Patil	5	Yes
Mr. S. Durgashankar	4	Yes
Mr. Nikhilesh Panchal	3	Yes
Mr. Anand Daga	5	Yes
Ms. Sangeeta Prasad	4	No

#### (c) Board Procedure

A detailed Agenda folder, alongwith necessary supporting papers are sent to each Director in advance of the Board meetings and to the concerned Directors of the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting of the overall performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, review of major legal issues, adoption of quarterly/half yearly/annual results, risk management, significant labour issues, major accounting provisions and write-offs, minutes of meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level, including the Company Secretary and Compliance Officer.

#### (d) Code of Conduct

Your Company had adopted Code of Ethics ("Code") recommended by Bombay Chamber of Commerce and Industry for its Directors and Senior Management personnel and employees. The Code of Ethics has



been posted on the Company's website <http://www.epcmahindra.com>. This Code enunciates the underlying principles governing the conduct of the business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's culture. The Code further provides the duties of Independent Directors as laid down in the Companies Act, 2013.

All Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by the Managing Director is enclosed at the end of this Report.

#### (e) Number of other Boards or Board Committees of Directors

Currently, the Board comprises of six Directors. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in applicable Regulation 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015), across all the Companies in which he is a Director.

Sr. No.	Directors	Category	Total Number of Directorships of public companies #, Committee Chairmanships and Memberships, as on 31 <sup>st</sup> March, 2016.		
			Directorships \$	Committee Chairmanships +	Committee Memberships +
	<b>EXECUTIVE</b>				
1.	Mr. Ashok Sharma Managing Director	Related to Promoter	2	-	1
	<b>NON-EXECUTIVE</b>				
2.	Mr. Vinayak Patil	Independent	1	2	-
3.	Mr. S. Durgashankar	Related to Promoter	6	1	1
4.	Mr. Nikhilesh Panchal	Independent	5	-	2
5.	Mr. Anand Daga	Independent	1	-	1
6.	Ms. Sangeeta Prasad	Related to Promoter	8	-	1

# Excludes private limited companies/foreign companies and companies u/s.8 of the Companies Act, 2013

\$ Includes Directorship in EPC Industrié Limited

+ Committees considered are Audit Committee and Stakeholders Relationship Committee including that of EPC Industrié Limited.

#### (f) Directors seeking appointment/re-appointment

M/s. Ashok Sharma and Sangeeta Prasad are seeking appointment/reappointment.

Brief resume of these Directors is presented below:

##### 1) Mr. Ashok Sharma

The Board of Directors of the Company, on 21<sup>st</sup> March, 2016 on the recommendations of the Nomination and Remuneration Committee, approved the appointment of Mr. Ashok Sharma (DIN: 02766679) as the Managing

Director of the Company, with effect from 21<sup>st</sup> March, 2016 for the remaining period of his appointment till 30<sup>th</sup> September, 2017, on a consolidated remuneration of Rs. 24,00,000/- (Rupees Twenty Four Lacs only) per annum.

Brief Resume of Mr. Ashok Sharma is presented below:

Mr. Ashok Sharma has a Bachelor's Degree in Mechanical Engineering from Victoria Jubilee Technical Institute, Mumbai and has done his Masters in Management Studies from the Jamnalal Bajaj Institute, Mumbai.

He joined the Farm Equipment Sector of Mahindra and Mahindra Ltd. in 1998 as General Manager Sales and since then has made significant contributions in the areas of Quality, Strategic Planning and Business Excellence. More recently, he has played a key role in expanding and growing Mahindra's Powerol and Agri businesses.

He is currently the President and Chief Executive of the rapidly growing portfolio of Agri Businesses, the Construction Equipment business as well as the entire Automotive and Farm equipment businesses of Mahindra & Mahindra Limited in Africa and South Asian markets of Sri Lanka, Nepal, Bangladesh and Bhutan.

In a career spanning over 29 years, Mr. Sharma has rich experience in various functions like Sales, Marketing, strategic planning, business planning and has held various general management functions.

Mr. Sharma is also a Managing Director of Mahindra Agri Solutions Limited besides other directorship in the following companies:

- i) Mahindra HZPC Private Limited
- ii) Mahindra UNIVeG Private Limited

Mr. Sharma is the member of the Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Company.

##### 2) Ms. Sangeeta Prasad

Ms. Sangeeta Prasad (DIN: 02791944) has a Bachelor's degree in Electrical Engineering and has done Masters in Business Administration from IIM Lucknow. She is a Chevening scholar from UK and completed General Management Programme at INSEAD, Fontainebleau.

Ms. Prasad is currently heading the Integrated Business City and Industrial Cluster as CEO at Mahindra Lifespace Developers Ltd aimed at sustainable city creation.

She has a rich and varied experience of over 21 years of different business functions.

Ms. Prasad has been awarded Leadership award in the International Women Leaders Forum in 2013. Further, she was also recognized amongst the top

30 Emerging Woman Leaders in a survey conducted by Business Today Magazine in the year 2010. Ms. Prasad was also one of the Speakers at the World Economic Forum, Davos, 2012 on “URBANISATION – Trends, Challenges and Opportunities”.

Ms. Prasad is a Member, Board of Governors, IIM Lucknow. She was part of the CEO delegation at the ‘Make in India’ summit in the Hannover Messe exposition in Germany. She was a part of a panel discussion on Smart Cities in the Summit along with eminent Corporate and government representatives from India and Germany.

Ms. Sangeeta Prasad is on the Board of following Companies:

- i) Mahindra World City(Jaipur) Limited
- ii) Knowledge Township Limited
- iii) Mahindra World City(Maharashtra) Limited
- iv) Mahindra World City Developers Limited
- v) Industrial Township (Maharashtra) Limited
- vi) Maharashtra Industrial Park Chennai Limited
- vii) Mahindra Residential Developers Limited

Ms. Sangeeta Prasad is the chairman/member of the following committees of the Company and of other companies.

Sr. No.	Name of the Company	Name of the Committee	Position held (Chairman/Member)
1.	Knowledge Township Limited	Audit Committee	Member
2.	Knowledge Township Limited	Nomination and Remuneration Committee	Member
3.	Mahindra World City Developers Limited	Corporate Social Responsibility Committee	Member
4.	Mahindra Residential Developers Limited	Corporate Social Responsibility Committee	Member
5.	Mahindra Residential Developers Limited	Nomination and Remuneration Committee	Member
6.	Mahindra World City (Jaipur) Limited	Contract Committee	Member
7.	Mahindra World City (Jaipur) Limited	Loan and Investment Committee	Member
8.	Mahindra World City (Jaipur) Limited	Corporate Social Responsibility Committee	Member
9.	Mahindra Industrial Park Chennai Limited	Nomination and Remuneration Committee	Chairperson

Ms. Sangeeta Prasad does not hold any shares in the Company.

**(g) Disclosure on relationships between Directors inter-se**

The Directors have made disclosure that there are no relationships between directors inter-se.

**(h) Number of Shares and Convertible instruments held by Non-executive Directors.**

The Non-executive Directors have made disclosure that they are not holding any Shares of the Company.

**(i) Web link where details of familiarization programmes imparted to independent directors is disclosed.**

During the year under review the Company has taken steps to familiarize its directors including Independent Directors by periodic presentations about the Company operations, business model, business strategy and risks involved, industry in which the Company operates and their roles and responsibilities. The details of such programme is posted on the Company website: <http://www.epcmahindra.com/corporategovernance.aspx>.

**(3) Risk Management**

The assessment of various risks pertaining to the various aspects of business and the steps taken to mitigate risks is discussed in the meetings of the Board of Directors. The Company has adopted Risk Management Policy and the Risk Management Committee monitors the same. The details of the Risk Management Committee and its broad terms of reference are given in this report.

**(4) Audit Committee**

**(a) Brief description of terms of reference**

The Board of Directors of the Company has an Audit Committee which comprises Mr. Vinayak Patil as the Chairman of the Committee and Mr. S Durgashankar and Mr. Anand Daga as other members of the Committee.

All the members of the Audit Committee possess strong accounting and financial management knowledge.

The Company Secretary is the Secretary of the Audit Committee.

The terms of reference of this Committee are very wide. The broad terms of reference of the Audit Committee include:

- a) Review of the Company’s financial reporting process and its financial statements.
- b) Review of accounting and financial policies and practices.
- c) Review of the internal control and internal audit system.
- d) Discussing with statutory Auditors to ascertain any area of concern.
- e) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- f) review and monitor the auditor’s independence and performance, and effectiveness of audit process;
- g) examination of the financial statement and the auditors’ report thereon;
- h) approval or any subsequent modification of transactions of the company with related parties;

- i) scrutiny of inter-corporate loans and investments;
- j) valuation of undertakings or assets of the company, wherever necessary;
- k) evaluation of internal financial controls and risk management systems;
- l) Monitoring the end use of funds raised through public offers and related matters
- m) If required, call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors
- n) Review of the financial statements before their submission to the Board
- o) If required, discuss with the internal and statutory auditors and the management of the company any issues related to internal control system, scope of audit and financial statements.
- p) Investigate into any matter in relation to the items specified above or matters which are referred to it by the Board and for this purpose, to obtain professional advice from external sources and have full access to information contained in the records of the Company.
- q) Establish vigil mechanism as may be prescribed to enable directors and employees to report genuine concerns and also shall provide for adequate safeguards against victimization of persons who use such mechanism.
- r) Review the uses/application of funds raised by the Company either by public/rights issue of shares or any other securities.

Generally all items under Regulation 18(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement are covered in the terms of reference and Role of the Audit Committee. The Audit Committee has been granted powers as prescribed under Regulation 18 (2) (c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(b) Composition, Name of members and Chairperson**

The Board of Directors of the Company has an Audit Committee which comprises three Non Executive Directors and majority of whom are Independent Directors namely, Mr. Vinayak Patil as the Chairman of the Committee and Mr. S Durgashankar and Mr. Anand Daga as other members of the Committee.

**(c) Meetings and Attendance during the year**

The meetings of the Audit Committee are also attended by the Managing Director, Statutory Auditors, Chief Executive Officer, Chief Financial Officer, Internal Auditor and the Company Secretary. The Chairman of the Audit Committee, Mr. Vinayak Patil was present at the 33<sup>rd</sup> Annual General Meeting of the Company held on 31<sup>st</sup> July, 2015.

The Committee met seven times during the year under review. The Committee Meetings were held on the following dates – 27<sup>th</sup> April, 2015, 17<sup>th</sup> July,

2015, 31<sup>st</sup> July, 2015, 8<sup>th</sup> October, 2015, 30<sup>th</sup> October, 2015, 30<sup>th</sup> January, 2016 and 21<sup>st</sup> March, 2016. The attendance at the Meetings is as under:

Members	Number of Meetings attended
Mr. Vinayak Patil	6
Mr. S. Durgashankar	6
Mr. Anand Daga	7

**5. Nomination and Remuneration Committee**

**(a) Brief description of terms of reference**

The Company has Nomination and Remuneration Committee pursuant to Section 178 of the Companies Act, 2013.

The Terms of Reference of the Nomination and Remuneration Committee is to:

- i) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria to be laid down, recommend to the Board their appointment and removal; and shall carry out evaluation of every Director's performance.
- ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- iii) Review performance of the Managing Director and recommend to the Board the remuneration payable to him and administering the Employees Stock Options Scheme.

The Committee also administers the Company's ESOP Scheme and take appropriate decisions in terms of the said scheme.

During the year the Company has adopted the policy on directors and Key Managerial Personnel and other employees, appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee has further determined the criteria for evaluation of Independent Directors performance and the performance of Chairman, Board and committees.

**(b) Composition, Name of members and Chairperson**

The Committee comprises three Non-Executive Directors majority of whom are Independent Directors namely Mr. Anand Daga – Chairman, Mr. S. Durgashankar and Mr. Vinayak Patil.

**(c) Meetings and Attendance during the year**

The Committee met on 27<sup>th</sup> April, 2015, 31<sup>st</sup> October, 2015 and 21<sup>st</sup> March, 2016 and the meeting was generally attended by all the members of the Committee. The attendance at the meetings is as under:

Members	Number of Meetings attended
Mr. Anand Daga	3
Mr. S. Durgashankar	2
Mr. Vinayak Patil	3

**(d) Independent Directors and performance evaluation**

In accordance with the provisions of the Companies Act, 2013, the Company has appointed three Independent Directors in the Annual General Meeting held on 31<sup>st</sup> July, 2014 for a period of 5 years. The terms of their appointment are available on the website of the Company.

The Nomination and Remuneration Committee has laid down the evaluation criteria for Independent Directors and the same has been done by the entire Board of Directors. The performance criteria includes whether a directors possesses sufficient skills, experience and level of preparedness to add value to discussions and decisions, challenge views constructively, knowledge about Company's business, the industry in which company operates and global trends etc.

The Independent Directors had a meeting on 21<sup>st</sup> March, 2016 without the attendance of non-independent directors and members of management to review performance of non-independent directors and the Board as a whole and performance of chairman of the Board of Directors and for assessment of quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the board of directors to effectively and reasonably perform their duties.

The Company had organized programmes at regular intervals to familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. Quarterly updates on relevant statutory changes on important laws are regularly circulated to Directors. Plant visits are organized for the Directors to enable them to understand the operations of the Company.

**6. Risk Management Committee**

The Company has Risk Management Committee in accordance with the Companies Act, 2013. The Committee functions under the Chairmanship of Mr. Nikhilesh Panchal, Mr. Ashok Sharma and Mr. Anand Daga are the other members of the Committee.

The broad roles and responsibilities of the Committee would be:

- Assessment of the Company's risk profile and key areas of risk in particular.
- Recommending to the Board and adopting risk assessment and rating procedures.
- Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas.

- Assessing and recommending to the Board acceptable levels of risk.
- Review and monitoring of Risk management and risk mitigations measures.

**(7) Remuneration of Directors**

**(a) Pecuniary relationship or transactions of the non-executive directors.**

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Non-executive Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Affiliates which in their judgment would affect their independence. All the Non- executive independent Directors have given confirmation in this regard. None of the Directors of the Company are inter-se related to each other.

**(b) Criteria of making payments to non-executive directors.**

The Non-executive independent Directors are paid sitting fees of Rs. 30,000 for attending the meetings of the Board of Directors and Rs. 20,000 for attending Committee meetings of the Board and reimbursement of expenses incurred for attending the Meetings of the Board of Directors of the Company and its Committees thereof. The sitting fees paid to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2016 alongwith their shareholdings are as under:

Directors	Sitting Fees for the Board Meetings and Committee Meetings held during the year ended 31 <sup>st</sup> March, 2016 (Rs. in Lacs)	No. Of Equity Shares held as on 31 <sup>st</sup> March, 2016
Mr. Ashok Sharma	Nil	Nil
Mr. Vinayak Patil	3,90,000	Nil
Mr. S. Durgashankar	Nil	Nil
Mr. Nikhilesh Panchal	1,10,000	Nil
Mr. Anand Daga	3,50,000	Nil
Ms. Sangeeta Prasad	Nil	Nil

Further the Independent Directors shall be entitled to receive a commission of Rs. 5 lacs each or 1% of annual Net Profit of the Company computed in accordance with the provisions of Section 197 read with Section 198 of the Act or Rules framed thereunder whichever is lower from time to time commencing from the FY – 2015-16 in lieu of their services to the Company. The Shareholders in the Annual General Meeting dated 31<sup>st</sup> July, 2015 had accorded their consent for the same. Accordingly, the commission of Rs. 10,94,365/- would be payable equally to Independent Directors for FY 2015-16.

**(c) Disclosures with respect to Remuneration:**

**(i) Elements of remuneration package**

During the year under review, Mr. Ashok Sharma was elevated to a position of Managing Director and

the existing consolidated remuneration was revised from Rs. 12,00,000/- per annum to Rs. 24,00,000/- per annum with effect from 21<sup>st</sup> March, 2016 upto the remaining tenure upto 30<sup>th</sup> September, 2017 subject to approval of shareholders in the ensuing Annual General Meeting.

**(ii) Details of fixed component and performance linked incentives along with the performance criteria.**

There are no fixed or variable components of the remuneration payable to Mr. Ashok Sharma and Mr. Ashok Sharma is also receiving remuneration from Mahindra and Mahindra Limited and Mahindra Agric Solutions Limited.

The Company has introduced the Board and directors' performance evaluation criteria. All board members will be requested annually to provide their assessment of the performance of the Board and its Committees by way of response to a questionnaire. Additionally, all Board members will be asked to do a self-evaluation of their performance annually. The performance of executive directors will be evaluated by the Nomination and Remuneration Committee and the performance of independent directors will be evaluated by the Board. The director being evaluated will not participate in the meeting at the time of their respective evaluation.

**(iii) Service contracts, notice period, severance fees**

The appointment letter is issued to Directors as per the policy of the Company and the appointment can be terminated by either party by giving three months notice in writing as per the Company's policy. There is no separate provision for payment of severance fees.

**(iv) Stock option details**

During the year under review, the Company has not issued any stock options to any Directors.

**(8) Stakeholders Relationship Committee:**

The Company has Stakeholders Grievances Committee under the provisions of The Companies Act, 2013. The Committee functions under the Chairmanship of Mr. Vinayak Patil, Mr. Ashok Sharma and Mr. Nikhilesh Panchal are the other Members of the Committee. Mr. Ratnakar Nawghare, Company Secretary is the Compliance Officer of the Company. The Stakeholders Relationship Committee resolves the grievances of security holders of the Company.

As per Section 178(7) of the Companies Act, 2013, the Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. During the year under review, there was no complaint received from the Shareholder. There were no investor

complaints remaining unresolved and pending as at 31<sup>st</sup> March, 2016.

**(9) General Body Meetings:**

**(a) Location and time, where last three annual general meetings held and Special Resolution passed**

Year ended	Date	Time	Special Resolution passed
31 <sup>st</sup> March, 2013	Wednesday 31 <sup>st</sup> July, 2013	2.30 p.m.	For Variation in the terms referred to in letter of offer dated May 3, 2012 in respect of utilization of proceeds of rights issue.
31 <sup>st</sup> March, 2014	Thursday 31 <sup>st</sup> July, 2014	2.30 p.m.	1. Grant of Stock Options under EPC Industrié Limited Employee Stock Option Scheme - 2014. 2. Re-appointment of Mr. Ashok Sharma as the Whole time Director.
31 <sup>st</sup> March, 2015	Friday 31 <sup>st</sup> July, 2015	2.30 p.m.	1. Alteration of Articles of Association pursuant to the provisions of Section 14 and other relevant provisions, if any, of the Companies Act, 2013. 2. Commission to Independent Non-Executive Directors of the Company.

All the above Meetings were held at Plot No. H-109, MIDC Ambad, Nashik-422 010.

**(b) Postal Ballot**

During the year under review, the Company has not passed any special resolution through postal ballot. Further, the Company does not have any proposal for passing any special resolution through postal ballot, at the ensuing Annual General Meeting.

**(10) Means of Communication**

The quarterly, half-yearly and yearly results are published in Business Standard, Free Press Journal & Navshakti which are national and local dailies respectively. These are not sent individually to the Shareholders. The Company's results and official news releases are displayed on the Company's website <http://www.epcmahindra.com>.

No presentations were made to institutional investors/analysts.

**(11) General Shareholder Information**

**(a) 34<sup>th</sup> Annual General Meeting**

Date : 29<sup>th</sup> July, 2016

Time : 2.30 p.m.

Venue: Plot No. H-109, MIDC Ambad, Nashik-422 010

**(b) Financial Year of the Company**

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

Financial Reporting for:

Quarter ending

30<sup>th</sup> June, 2016 – Second week of August, 2016

Half-year ending

30<sup>th</sup> September, 2016 - Second week of November, 2016

Quarter ending

31<sup>st</sup> December, 2016 - Second week of February, 2017

Year ending

31<sup>st</sup> March, 2017 - End May, 2017

Note: The above dates are indicative.

**(c) Date of Dividend Payment**

No dividend has been recommended for the Financial Year ended 31<sup>st</sup> March, 2016.

**(d) Listing of Equity Shares on Stock Exchange**

Your Company's Shares are listed on Bombay Stock Exchange Limited (BSE). The requisite listing fees have been paid in full to the Stock Exchange.

**(e) Stock Code**

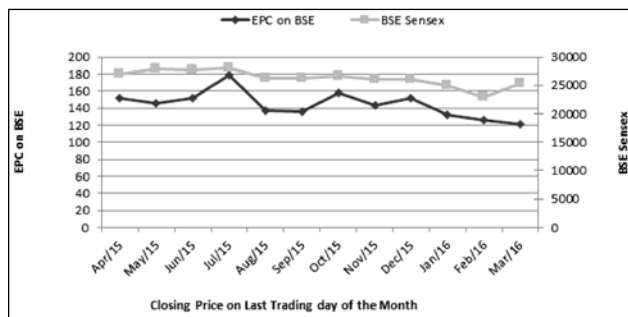
1. Bombay Stock Exchange Limited (BSE): 523754
2. Demat International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares: INE 215D01010

**(f) Stock Price Data of Equity Shares listed on Bombay Stock Exchange Limited:**

Month	High Price	Low Price
April, 2015	174.80	140.00
May, 2015	153.80	134.00
June, 2015	162.80	128.00
July, 2015	199.00	154.20
August, 2015	183.00	126.30
September, 2015	145.50	125.80
October, 2015	179.00	135.20
November, 2015	160.00	140.20
December, 2015	160.00	139.50
January, 2016	166.50	120.20
February, 2016	147.20	116.50
March, 2016	133.00	113.10

**(g) Stock Performance**

The performance of the Company's shares relative to the BSE Sensitive Index is given in the chart below:



**(h) Suspension of Securities**

Your Company's Shares are not suspended during the year under review.

**(i) Registrar and Transfer Agent**

**Karvy Computershare Private Limited,**

Karvy Selenium, Tower B,  
Plot number 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad, Telangana-500 032

Contact details:-

Telephone number: +91 40 67162222

Investor Service Toll Free No: 1-800-3454-001

Fax number: +91 40 2342 0814

Email: einward.ris@karvy.com

**(j) Share Transfer System**

Trading in Equity Shares of the Company through Bombay Stock Exchange is permitted only in dematerialized form.

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Board of Directors had authorised Mr. Ashok Sharma, Managing Director to approve the share transfers, issue of duplicate shares etc. and the same gets confirmed by the Board in their subsequent meeting.

As of date, there are no pending share transfers pertaining to the year under review.

**(k) Distribution of Shareholding as on 31<sup>st</sup> March, 2016:**

Shareholding	Shareholders		Shares	
	Number	% to total holders	Number	% to total capital
Upto 500	12,557	87.40	18,58,487	6.72
501 – 1,000	860	5.99	7,10,499	2.57
1,001 – 5,000	731	5.08	15,92,476	5.76
5,001 – 10,000	92	0.64	7,05,473	2.55
10,001– 1,00,000	113	0.79	31,72,125	11.47
1,00,001 & above	14	0.10	1,96,19,412	70.93
<b>TOTAL</b>	<b>14,367</b>	<b>100.00</b>	<b>2,76,58,472</b>	<b>100.00</b>

Shareholding Pattern as on 31<sup>st</sup> March, 2016

Category	No. of shares held	%
Promoters	1,51,44,433	54.76
Banks	200	0.00
Private Corporate Bodies	40,32,993	14.58
Indian Public	81,73,178	29.55
NRI/OCBs/Others	3,07,668	1.11
<b>GRAND TOTAL</b>	<b>2,76,58,472</b>	<b>100.00</b>

**(l) Dematerialisation of Shares and liquidity**

97.43% of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as

on 31<sup>st</sup> March, 2016. The Company's Shares are liquid and actively traded on the Bombay Stock Exchange Limited.

**(m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity**

Nil

**(n) Commodity price risk or foreign exchange risk and hedging activities**

The nature of business of the Company does not involve any risks/require hedging activities.

**(o) Plant Locations**

Your Company's manufacturing facility is located at Plot No. H - 109, MIDC Ambad, Nashik- 422 010.

**(p) Address for correspondence**

Shareholders may correspond with the Registrar and Transfer Agents at:

**Karvy Computershare Private Limited,**  
**Unit: EPC Industrié Limited**

Karvy Selenium, Tower B,  
Plot number 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad, Telangana-500 032

Contact details:-

Telephone number: +91 40 67162222

Investor Service Toll Free No: 1-800-3454-001

Fax number: +91 40 2342 0814

Email: einward.ris@karvy.com

for all matters relating to transfer/dematerialisation of shares and any other query relating to Equity Shares of your Company.

Your Company has also designated rvnawghare@epcind.com as an exclusive email ID for Investors for the purpose of registering complaints. Shareholders would have to correspond with the respective Depository Participants for Shares held in dematerialized form. For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

EPC Industrié Limited

Plot No. H-109, MIDC Ambad, Nashik- 422 010.

Telephone Nos.: +91-253-2381081/82

Fax: +91-253-2382975

email: rvnawghare@epcind.com

Your Company can also be visited at its website: www.epcmahindra.com

**(q) Dates of Book Closure**

Dates of Book Closure for Annual General Meeting will be 26<sup>th</sup> July, 2016 to 29<sup>th</sup> July, 2016 (both days inclusive)

**(r) Registered Office**

Plot No. H-109, MIDC Ambad, Nashik- 422 010

**(s) Corporate Identity Number:**

L25200MH1981PLC025731

**(12) Other Disclosures**

**(a) Disclosure on materially significant Related Party transactions**

During the financial year 2015-16 there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management etc. that may have potential conflict with the interest of the Company at large. Further details of related party transactions are given in Note No. 30 to the Financial Statements.

All the transactions with related parties were in the ordinary course of business and on arms length basis. In terms of Regulation 23 (2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company started obtaining prior approval of the audit committee for entering into any transaction with related parties. The audit committee granted omnibus approval for certain transactions to be entered with the related parties, during the year. The policy on Related Transaction is incorporated on the Company website: <http://www.epcmahindra.com/InvestorInformation.aspx>

**(b) Details of non-compliance etc.**

Your Company has complied with all the requirements of regulatory authorities.

During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets.

The Company and the erstwhile Promoter's group company had filed the revised consent application on 8<sup>th</sup> January, 2014, in terms of SEBI Circular dated May 25, 2012 (Ref CIR/EFD/1/2012) ("May Circular 2012") seeking settlement for non-disclosure in respect of the transaction dated 31<sup>st</sup> March, 2003 and for delay in yearly disclosure as of 31<sup>st</sup> March, 2005, under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

SEBI vide its letter dated 27<sup>th</sup> November, 2013 issued a notice of Inquiry against aforesaid delays. The Company in response to it, filed the consent application on 8<sup>th</sup> January, 2014 and reply on 10<sup>th</sup> January, 2014. The SEBI has returned the Consent application, however, the Company has requested SEBI to provide an opportunity for personal hearing to settle the matter. The Inquiry proceedings are kept in abeyance till the outcome of consent application.

**(c) Details of establishment of vigil mechanism, whistle blower policy etc.**

In terms of the provisions of Section 177(9) of the Companies Act, 2013 the Company has implemented a vigil mechanism which includes implementation of the whistleblower policy. No employee has been denied access to the Chairman of the Audit Committee.

The Company in conjunction with the Corporate Disclosure and Investigation policy of its ultimate holding Company has informed its employees that any non-compliant behavior of directors or employees including the non-compliance of its code of conduct to the notice of the management for investigation and necessary action, may be reported by them using the speak-up line number provided therein. The policy is posted on the Company website: <http://www.epcmahindra.com/InvestorInformation.aspx>

**(d) Web link where policy on dealing with Related Party Transactions.**

The policy on Related Party Transaction is incorporated on the Company website: <http://www.epcmahindra.com/InvestorInformation.aspx>

**(e) Disclosure on Director's performance evaluation criteria**

The Company has introduced the board and directors' performance evaluation criteria. All board members will be requested annually to provide their assessment of the performance of the Board and its Committees by way of response to a questionnaire. Additionally, all Board members will be asked to do a self-evaluation of their performance annually. The performance of executive directors will be evaluated by the Nomination and Remuneration Committee and the performance of independent directors will be evaluated by the Board. The director being evaluated will not participate in the meeting at the time of their respective evaluation.

**(f) Disclosure of Accounting Treatment in preparation of Financial Statements**

Your Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2014 and the Accounting Standards prescribed under the Companies Act, 2013 in preparation of its financial statements.

**(g) Code of Conduct for Prevention of Insider Trading**

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted and implemented the Code of Conduct for prevention of Insider Trading.

The code lays down Guidelines, which advise designated employees on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

Under the said Code, the Company has appointed Mr. Ratnakar Nawghare as the Compliance Officer. All Board members and Senior Management personnel have affirmed compliance with the Code. The Code of Conduct of the Company is also posted on the investor relation page of the Company's website [www.epcmahindra.com](http://www.epcmahindra.com)

**(h) Details of Compliance with Mandatory requirements and adoption of the non-mandatory requirements.**

Your Company has complied with the mandatory requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance. Your Company has adopted the non-mandatory requirements as mentioned below:

**1) Modified Opinion in Audit Report**

Your Company follows best practices, compliance with Accounting Standards and internal control over financial reporting to ensure unqualified financial statements.

**2) Reporting of Internal Auditor**

The Internal Auditor of the Company reports to the Audit Committee.

**(i) Disclosures with respect to demat suspense account/unclaimed suspense account**

There are no shares in the demat suspense account/unclaimed suspense account at the beginning and at the end of the financial year 2015-16.

**(l) CEO/CFO Certification**

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 (8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Chief Executive Officer and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 (2) (a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The annual certificate given by the Chief Executive Officer and the Chief Financial Officer is published in this Report.

Mumbai 27<sup>th</sup> May, 2016



**DECLARATION BY THE MANAGING DIRECTOR UNDER SCHEDULE V (D) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IS ANNEXED.**

To  
The Members of EPC Industrié Limited,

I, Ashok Sharma Managing Director of EPC Industrié Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended 31<sup>st</sup> March, 2016.

Mumbai,  
27<sup>th</sup> May, 2016

**Ashok Sharma**  
Managing Director

**INDEPENDENT AUDITORS' CERTIFICATE**

To  
The Members of  
**EPC Industrié Limited,**

1. We have examined the compliance of conditions of Corporate Governance by EPC Industrié Limited ("the Company"), for the year ended on March 31, 2016, as stipulated in:
  - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 1, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 1, 2015 to September 1, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 2, 2015 to March 31, 2016 and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration No.117364W

**Ketan Vora**  
Partner  
Membership Number: 100459

Mumbai, May 27, 2016

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF EPC INDUSTRIÉ LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **EPC Industrié Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and

give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting principles – Refer Note 27.1 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure "B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**Ketan Vora**  
Partner  
Membership Number: 100459

Nashik, 27<sup>th</sup> April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of EPC Industrié Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)

### Report on the Internal Financial Controls Over Financial Reporting under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **EPC Industrié Limited** (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm’s Registration No. 117364W)

**Ketan Vora**  
Partner  
Membership Number: 100459

Nashik, 27<sup>th</sup> April, 2016

## ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of EPC Industrié Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans availed from banks are held in the name of the Company based on the confirmations directly received by us from the bank. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
  3. The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
  4. The Company has not granted any loans, made investments or provided guarantees to which the provisions of Sections 185 and 186 of the Act apply, and hence reporting under clause (iv) of the Order is not applicable.
  5. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
  6. The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the

Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
  - (c) Details of dues of income-tax, sales-tax, service tax, customs duty, excise duty, and value added tax which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount unpaid (Rupees)
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	FY 1996-97	35,76,000
		Commissioner of Central Excise	FY 1997-98	8,12,000
		Superintendent of Central Excise	FY 1998-99	35,56,000
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 1992-93	23,66,859
Maharashtra Value Added Tax, 2002	Value added tax	Dy. Commissioner of Sales Tax (Appeals)	FY 2008-09	2,28,870
		Joint Commissioner of Sales Tax (Appeals)	FY 2009-10	5,14,682

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company has not borrowed from financial institutions and has not issued any debentures.
9. In our opinion and according to the information and explanations given to us, money raised by way of further public offer (rights offer) in the earlier years, have been applied by the Company during the year for the purposes as revised with appropriate approvals, other than temporary

deployment pending application of proceeds. The Company has not raised moneys by way of public offer of debt instruments or term loans.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year other than that disclosed in Note 34 to the financial statements.
11. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence, provisions of Section 192 of the Act are not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**Ketan Vora**  
Partner  
Membership Number: 100459

Nashik, 27<sup>th</sup> April, 2016

## CEO AND CFO CERTIFICATION

We, the undersigned in our respective capacities as Chief Executive Officer and Chief Financial Officer, to the best of our knowledge and belief certify that:

- A) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief, We confirm that:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2016 are fraudulent, illegal or violative of the Company's code of conduct/ethics.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D) We have indicated to the Auditors and the Audit Committee that:
  - 1) there has not been any significant change in internal control over financial reporting during the year under reference;
  - 2) there has not been any significant change in the accounting policies during the year requiring the disclosure in the notes to the financial statements; and
  - 3) We are not aware of any instance during the year of significant fraud with involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

**Mayur Bumb**  
Chief Financial Officer

**Sanjeev Mohoni**  
Chief Executive Officer

Nashik  
27<sup>th</sup> April, 2016

**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	2	276,604,220	276,463,140
(b) Reserves and surplus	3	963,585,123	867,753,710
		<u>1,240,189,343</u>	<u>1,144,216,850</u>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	4	2,684,436	4,261,666
(b) Other Non-current liabilities	5	10,908,423	1,199,000
(c) Long-term provisions	6	16,871,479	16,279,095
		<u>30,464,338</u>	<u>21,739,761</u>
<b>3. Current liabilities</b>			
(a) Trade Payables	7		
(i) total Outstanding dues of micro enterprises and small enterprises		35,219,275	28,671,551
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		224,973,446	209,808,815
(b) Other current liabilities	8	120,001,343	106,710,091
(c) Short-term provisions	9	37,604,593	10,446,708
		<u>417,798,657</u>	<u>355,637,165</u>
<b>TOTAL</b>		<u><u>1,688,452,338</u></u>	<u><u>1,521,593,776</u></u>
<b>B. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10A	285,878,772	297,649,894
(ii) Intangible assets	10B	1,665,747	2,334,065
(iii) Capital work-in-progress		-	1,804,761
(iv) Intangible assets under development		3,268,000	-
		<u>290,812,519</u>	<u>301,788,720</u>
(b) Deferred tax assets (net)	11	17,058,826	-
(c) Long-term loans and advances	12	70,772,606	62,487,128
(d) Other non-current assets	13	6,447,490	6,180,400
		<u>385,091,441</u>	<u>370,456,248</u>
<b>2. Current assets</b>			
(a) Current investments	14	-	55,000
(b) Inventories	15	278,292,691	282,809,501
(c) Trade receivables	16	756,501,916	570,086,629
(d) Cash and bank balances	17	235,733,749	269,950,366
(e) Short-term loans and advances	18	11,984,730	11,525,488
(f) Other current assets	19	20,847,811	16,710,544
		<u>1,303,360,897</u>	<u>1,151,137,528</u>
<b>TOTAL</b>		<u><u>1,688,452,338</u></u>	<u><u>1,521,593,776</u></u>

See accompanying notes to the financial statements

1-36

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells  
Chartered AccountantsAshok Sharma  
S. Durgashankar  
Nikhilesh Panchal  
Vinayak Patil  
Anand Daga  
Sanjeev Mohoni  
Mayur Bumb  
R. V. Nawghare

Managing Director

Directors

Chief Executive Officer  
Chief Financial Officer  
Company SecretaryKetan Vora  
PartnerPlace : Nashik  
Date : April 27, 2016Place : Nashik  
Date : April 27, 2016

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
1. Revenue from operations (Gross)	20	2,049,178,935	1,692,159,323
Less: Excise Duty		1,354,585	307,118
<b>Revenue from Operations (Net)</b>		<b>2,047,824,350</b>	<b>1,691,852,205</b>
2. Other income	21	24,302,544	25,625,872
<b>3. Total revenue (1+2)</b>		<b>2,072,126,894</b>	<b>1,717,478,077</b>
<b>4. Expenses</b>			
(a) Cost of materials consumed	22	1,154,045,778	973,812,067
(b) Purchases of Stock in Trade		61,939,089	55,199,916
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	23	404,822	45,666,940
(d) Employee benefits expense	24	211,849,397	197,343,386
(e) Finance costs	25	4,595,224	11,956,250
(f) Depreciation and amortisation expense	10C	26,986,776	27,375,842
(g) Other expenses	26	502,869,272	379,375,289
<b>Total expenses</b>		<b>1,962,690,358</b>	<b>1,690,729,690</b>
<b>5. Profit before tax (3 – 4)</b>		<b>109,436,536</b>	<b>26,748,387</b>
<b>6. Tax expense:</b>			
(a) Current tax expense		42,200,500	8,800,000
(b) Excess Provision for tax relating to prior years (net of MAT credit)		(7,530,000)	–
(c) Net current tax expense		34,670,500	8,800,000
(d) Deferred tax credit		(17,058,826)	–
		<b>17,611,674</b>	<b>8,800,000</b>
<b>7. Profit for the year (5 – 6)</b>		<b>91,824,862</b>	<b>17,948,387</b>
<b>8. Earnings per share (Face Value of Rs. 10/- each):</b>	<b>33</b>		
(a) Basic		3.32	0.65
(b) Diluted		3.31	0.65
<b>See accompanying notes to the financial statements</b>	<b>1-36</b>		

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered AccountantsKetan Vora  
PartnerPlace : Nashik  
Date : April 27, 2016

For and on behalf of the Board of Directors

Ashok Sharma  
S. Durgashankar  
Nikhilesh Panchal  
Vinayak Patil  
Anand Daga  
Sanjeev Mohoni  
Mayur Bumb  
R. V. Nawghare

Managing Director

Directors

Chief Executive Officer  
Chief Financial Officer  
Company SecretaryPlace : Nashik  
Date : April 27, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Rupees	Rupees	Rupees	Rupees
<b>A. Cash flow from operating activities</b>				
Net Profit before tax		109,436,536		26,748,387
<i>Adjustments for:</i>				
Depreciation and amortisation	26,986,776		27,375,842	
Net (Profit)/Loss on sale/write off of assets	(4,521)		611,297	
Expense on employee stock option scheme	4,006,551		2,590,305	
Finance costs	4,595,224		11,956,250	
Interest income	(16,033,697)		(22,882,195)	
Profit on sale of current investments	(719,771)		(705,545)	
Liabilities/provisions no longer required written back	(3,721,016)		(358,991)	
Provision for doubtful trade and other receivables, loans and advances (net)	3,291,114		62,505,534	
Bad trade and other receivables, loans and advances written off	66,012,797		7,120,051	
		<b>84,413,457</b>		<b>88,212,548</b>
<b>Operating profit before working capital changes</b>		<b>193,849,993</b>		<b>114,960,935</b>
<i>Changes in working capital:</i>				
<i>Adjustments for (increase)/decrease in operating assets:</i>				
Inventories	4,516,810		76,649,016	
Trade receivables	(253,743,484)		(59,649,370)	
Short-term loans and advances	(2,702,046)		18,600,445	
Long-term loans and advances	1,590,245		502,198	
Other current assets	(5,039,782)		10,066,439	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables	24,423,032		37,954,992	
Other current liabilities	13,835,589		(2,208,905)	
Short-term provisions	(885,043)		2,326,304	
Long-term provisions	592,384		3,948,881	
Other Non-current liabilities	9,709,423		1,199,000	
		<b>(207,702,872)</b>		<b>89,389,000</b>
Cash (used in)/generated from operations		<b>(13,852,879)</b>		<b>204,349,935</b>
Net income tax paid		<b>(14,438,396)</b>		<b>(11,132,877)</b>
<b>Net cash flow (used in)/generated from operating activities (A)</b>		<b>(28,291,275)</b>		<b>193,217,058</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(19,529,702)		(14,594,669)	
Proceeds from sale of fixed assets	553,576		28,659	
Purchase of Current Investments	(115,000,000)		(210,000,000)	
Sale of Current Investments	115,774,771		210,705,545	
Bank balances not considered as Cash and cash equivalents				
- Matured/(Placed)-Net	60,005,310		7,907,852	
Interest received	16,936,212		22,258,144	
<b>Net cash flow from/(used in) investing activities (B)</b>		<b>58,740,167</b>		<b>16,305,531</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Rupees	Rupees	Rupees	Rupees
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity shares	141,080		214,375	
Repayment of short-term borrowing	(335,000)		(186,000)	
Repayment of long-term borrowings	(3,144,207)		(155,443,171)	
Finance costs paid	(1,322,072)		(18,694,044)	
<b>Net cash flow (used in) financing activities (C)</b>		<b>(4,660,199)</b>		<b>(174,108,840)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>		<b>25,788,693</b>		<b>35,413,749</b>
Cash and cash equivalents at the beginning of the year		<b>136,794,019</b>		<b>101,380,270</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>162,582,712</b>		<b>136,794,019</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet [Refer Note no. 17]		<b>235,733,749</b>		<b>269,950,366</b>
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements				
Balances with banks held as margin money/security against borrowings and guarantees		<b>58,038,426</b>		<b>84,884,976</b>
Earmarked balances with banks		<b>15,112,611</b>		<b>48,271,371</b>
Net Cash and cash equivalents [as defined in AS 3 Cash Flow Statements] included in Note no. 17		<b>162,582,712</b>		<b>136,794,019</b>
Cash and cash equivalents at the end of the year comprises				
(a) Cash on hand		<b>150,949</b>		<b>301,764</b>
(b) Balances with banks				
(i) In current accounts		<b>41,382,388</b>		<b>55,514,970</b>
(ii) In deposit accounts		<b>121,049,375</b>		<b>80,977,285</b>
		<b>162,582,712</b>		<b>136,794,019</b>

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Ketan Vora**  
Partner

Place : Nashik  
Date : April 27, 2016

For and on behalf of the Board of Directors

<b>Ashok Sharma</b>	}	Managing Director
<b>S. Durgashankar</b>		} Directors
<b>Nikhilesh Panchal</b>		
<b>Vinayak Patil</b>		
<b>Anand Daga</b>		
<b>Sanjeev Mohoni</b>		Chief Executive Officer
<b>Mayur Bumb</b>		Chief Financial Officer
<b>R. V. Nawghare</b>		Company Secretary

Place : Nashik  
Date : April 27, 2016

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE NO. 1 - SIGNIFICANT ACCOUNTING POLICIES

#### A. Corporate Information:

EPC Industrié Limited is a Public Limited Company. It was incorporated on November 28, 1981 under the Companies Act, 1956. It is engaged in the business of Micro Irrigation Systems such as Drip and Sprinklers, Agricultural Pumps, Greenhouses and Land Landscape Products. The Company is a subsidiary of Mahindra and Mahindra Limited.

#### B. Basis of Accounting:

The financial statements are prepared in accordance with the generally accepted accounting principles in Indian (GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act"), read with relevant Rules and provisions of the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for certain categories of fixed assets acquired before June 24, 1998, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### C. Use of Estimates:

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balance of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Differences, if any, between the actual results and estimates, is recognised in the period in which the results are known/materialise.

#### D. Tangible Assets:

Fixed assets are carried at cost less accumulated depreciation/impairment losses, if any. Cost includes cost of acquisition or construction and is stated at historical cost.

Fixed Assets (other than Office Premises at Ahmedabad, Furniture & Fixtures, Office Equipments and Vehicles) have been revalued as on June 24, 1998 and the resultant surplus has been added to the block of the assets.

Depreciation on all assets, is provided on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for Continuous Process Plant which is depreciated over a period of 19 years. Leasehold Assets are written off over the period of lease. Depreciation on additions to assets or on sale/disposal of assets is calculated from the beginning of the month of such addition or up to the month of such sale/scrapped as the case may be.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

#### E. Intangible Assets:

Intangible assets are recognised only when economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. They are being amortised over the estimated useful life of three years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

##### Intangible assets under development

Expenditure on development eligible for capitalisation is carried as intangible assets under development where such assets are not yet ready for their intended use.

#### F. Impairment of Assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an

appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

#### G. Investments:

Long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value.

#### H. Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost and net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost and net realisable value whichever is lower. Excise duty is included in the value of finished goods where applicable. Cost is determined on the basis of the weighted average method.

Stores, Spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost and estimated net realisable value, whichever is lower.

#### I. Foreign Exchange Transactions:

Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

#### J. Revenue recognition:

Sales of goods are recognised, net of estimated returns and trade discounts. Sales include excise duty but exclude sales tax and value added tax.

Revenue is recognised when the risks and rewards of ownership are passed on to the customers and no significant uncertainty as to its measurability and collectability exists.

In case of Greenhouse & Landscape business, revenue recognition is based on percentage completion method.

In respect of sale of services, revenue is recognised in the statement of profit and loss proportionately with the degree of completion of services under the contract. The degree of completion of a contract is determined based on the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

#### K. Other income:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rates. Dividend income is accounted for when the right to receive it is established.

#### L. Government Grants:

Capital Incentive Subsidy, not specifically related to fixed assets, is credited to Capital Incentive Reserve and retained till the requisite conditions are fulfilled. The Company is entitled to various incentives from government authorities. The Company accounts for its entitlement as income on accrual basis and no significant uncertainty as to its measurability and collectability exists.

#### M. Employee benefits:

##### a) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia, are recognised in the period in which the employee renders the related service.

**b) Post-employment benefits****(i) Defined contribution plans**

The Company's contribution to provident fund, employee state insurance scheme and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employee.

**(ii) Defined benefit plans**

The employees gratuity fund scheme, managed by LIC is a defined benefit plan. The present value of obligation is determined based on actuarial valuation carried out as at the end of each financial year using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined plans to recognise the obligation on the net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight line basis over the period until benefit become vested.

**c) Long term employee benefits**

The obligation for long term employee benefits such as long term compensated absences, long service award, etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

**d) Employee Stock Compensation Cost**

The Company has formulated Employee Stock Option Schemes (ESOS) ("the Scheme") in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 which is now replaced with the SEBI (Share Based Employee Benefits) Regulations, 2014. The Scheme provides for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

**N. Leases:**

In respect of operating leases, lease payments are recognised as expenses and Lease income are recognised as income on a straight line basis over the lease term. Initial direct costs are recognised immediately as expenses.

**O. Borrowing Costs:**

All borrowing costs are charged to the Statement of Profit and Loss except:

(a) Borrowing costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, which are capitalised as part of the cost of such assets.

(b) Expenses incurred on raising long term borrowing are amortised over the period of borrowing. On early buyback, conversion or repayment of borrowings, any unamortised expenditure is fully written off in that year.

**P. Product Warranty:**

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

**Q. Taxes on income:**

Income Taxes are accounted for in accordance with Accounting Standard on "Accounting for Taxes on Income", (AS-22). Tax expenses comprise both current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act 1961, and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax asset is measured based on the tax rates and the laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**R. Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**S. Share issues expenses:**

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 57 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account.

**NOTE NO. 2 - SHARE CAPITAL**

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	Rupees	Number of Shares	Rupees
(a) Authorised				
Equity shares of Rs. 10 each	32,000,000	320,000,000	32,000,000	320,000,000
Preference shares of Rs. 100 each	1,800,000	180,000,000	1,800,000	180,000,000
	<b>33,800,000</b>	<b>500,000,000</b>	<b>33,800,000</b>	<b>500,000,000</b>
(b) Issued				
Equity shares of Rs. 10 each	27,662,372	276,623,720	27,648,264	276,482,640
		<b>276,623,720</b>		<b>276,482,640</b>
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each	27,658,472	276,584,720	27,644,364	276,443,640
(d) Forfeited Shares (Amount originally paid-up)	3,900	19,500	3,900	19,500
<b>Total</b>		<b>276,604,220</b>		<b>276,463,140</b>

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	Rupees	Number of Shares	Rupees
Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
<b>Particulars</b>	<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>	
	<b>Number of Shares</b>	<b>Rupees</b>	<b>Number of Shares</b>	<b>Rupees</b>
Balance as at the beginning of the year	27,644,364	276,443,640	27,638,239	276,382,390
Add: Issued during the year - ESOS	14,108	141,080	6,125	61,250
Balance as at the end of the year	<u>27,658,472</u>	<u>276,584,720</u>	<u>27,644,364</u>	<u>276,443,640</u>

#### Rights, preferences and restrictions attached to the equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Shares held by the holding company

1,51,44,433 shares (As at March 31, 2015: 1,51,44,433 shares) are held by the Holding Company viz., Mahindra and Mahindra Limited.

#### Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	% holding	Number of Shares	% holding
Mahindra and Mahindra Limited	15,144,433	54.76%	15,144,433	54.78%

#### Shares reserved for issue under options

Shares reserved for issue under options 5,38,657 shares (As at March 31, 2015 - 5,52,765 shares) of Rs. 10 each towards outstanding employee stock options granted [Refer Note No. 28]

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>NOTE NO. 3 - RESERVES AND SURPLUS</b>		
(a) Capital incentive reserve		
Closing balance	4,000,000	4,000,000
(b) Securities premium account		
Opening balance	916,142,215	915,811,465
Add : Premium received on shares allotted during the year	-	153,125
Add : Transferred from Shares options outstanding account	2,360,907	177,625
Closing balance	<u>918,503,122</u>	<u>916,142,215</u>
(c) Revaluation reserve		
Closing balance	<u>28,690,775</u>	<u>28,690,775</u>
(d) Share options outstanding account		
Opening balance	13,458,956	213,875
Add: Amounts recorded on grants during the year	478,167	13,458,956
	<u>13,937,123</u>	<u>13,672,831</u>
Less: Amounts reduced on grants lapsed during the year	(2,206,676)	(36,250)
Less: Transferred to Securities premium account on exercise	(2,360,907)	(177,625)
	<u>9,369,540</u>	<u>13,458,956</u>
Less: Deferred stock compensation expense	(5,131,327)	(10,866,387)
Closing balance	<u>4,238,213</u>	<u>2,592,569</u>

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(e) General reserve		
Closing balance	13,853,275	13,853,275
(f) Deficit in Statement of Profit and Loss		
Opening balance	(97,525,124)	(108,547,273)
Add: Profit for the year	91,824,862	17,948,387
Less:- Depreciation on transition to Schedule II to the Companies Act,2013	-	(6,926,238)
Closing balance	<u>(5,700,262)</u>	<u>(97,525,124)</u>
<b>Total</b>	<u>963,585,123</u>	<u>867,753,710</u>

#### NOTE NO. 4 - LONG-TERM BORROWINGS

##### Unsecured

Deferred payment liabilities	2,684,436	4,261,666
[Sales Tax Deferral Scheme is payable in 5 annual instalments after 10 years from the year of availment of respective incentive. These loans are repayable:		
(i) In the second year - Rs. 6,11,406 (As at March 31, 2015 Rs. 17,40,505)		
(ii) In the third to fifth year - Rs. 18,34,218 (As at March 31, 2015 Rs. 17,36,253)		
(iii) After five years - Rs. 2,38,812 (As at March 31, 2015 Rs. 7,84,908)]		
<b>Total</b>	<u>2,684,436</u>	<u>4,261,666</u>

#### NOTE NO. 5 - OTHER NON-CURRENT LIABILITIES

Trade/security deposits received	10,908,423	1,199,000
<b>Total</b>	<u>10,908,423</u>	<u>1,199,000</u>

#### NOTE NO. 6 - LONG-TERM PROVISIONS

Provision for compensated absences [Refer Note no. 29 (b)]	7,078,831	9,526,447
Provision for warranty [Refer Note no. 35)]	9,792,648	6,752,648
<b>Total</b>	<u>16,871,479</u>	<u>16,279,095</u>

#### NOTE NO. 7 - TRADE PAYABLES

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:

(a) Dues remaining unpaid as at March 31		
Principal	35,219,275	28,671,551
Interest on the above	174,393	75,985
(b) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
Principal paid beyond the appointed date	172,619,705	61,188,701
Interest paid in terms of Section 16 of the Act	-	-
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	3,567,610	1,559,801
(d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	1,341,142	116,740
(e) Amount of interest accrued and remaining unpaid as at March 31	5,083,145	1,752,526

Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees	Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>NOTE NO. 8 - OTHER CURRENT LIABILITIES</b>			(vi) Provision for liabilities	<b>707,041</b>	1,717,380
(a) Current maturities of long-term debt			(vii) Unclaimed matured public deposits and interest	<b>90,502</b>	482,969
Unsecured			<b>Total</b>	<b>120,001,343</b>	106,710,091
Deferred payment liabilities	<b>1,740,505</b>	3,144,207	<b>NOTE NO. 9 - SHORT-TERM PROVISIONS</b>		
(b) Interest accrued on trade Payables	<b>5,083,145</b>	1,752,526	(a) Provision for employee benefits:		
(c) Other payables			(i) Provision for compensated absences	<b>3,000,325</b>	3,106,000
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	<b>8,827,061</b>	8,577,082	(ii) Provision for gratuity (net) [Refer Note no. 29 (b)]	<b>24,319</b>	5,406,808
(ii) Payables on purchase of fixed assets	<b>282,300</b>	1,187,473	(b) Provision for tax [Advance tax Rs. 1,51,73,172 (As at March 31, 2015 Rs. 10,62,200)]	<b>28,176,828</b>	133,900
(iii) Trade/security deposits received	<b>26,068,275</b>	32,538,602	(c) Provision for Warranty [Refer Note no.35]	<b>6,403,121</b>	1,800,000
(iv) Advances from customers	<b>76,705,840</b>	56,864,577	<b>Total</b>	<b>37,604,593</b>	10,446,708
(v) Others - Employee Deductions	<b>496,674</b>	445,275			

**NOTE NO. 10 - FIXED ASSETS****A. Tangible assets**

(Amount in Rupees)

Description of Assets	Gross block			As at March 31, 2016	Accumulated depreciation				Net Block	
	As at April 1, 2015	Additions	Disposals		Upto March 31, 2015	Depreciation/ Amortisation for the year	Transition Pursuant to Schedule II	Eliminated on disposal of assets	Upto March 31, 2016	As at March 31, 2016
Leasehold Land	39,390,388	-	-	<b>39,390,388</b>	7,130,825	432,427	-	-	<b>7,563,252</b>	<b>31,827,136</b>
	(39,390,388)	-	-	<b>(39,390,388)</b>	(6,699,580)	(431,245)	-	-	<b>(7,130,825)</b>	<b>(32,259,563)</b>
Buildings	88,155,026	6,266,290	-	<b>94,421,316</b>	46,527,331	3,228,145	-	-	<b>49,755,476</b>	<b>44,665,840</b>
	(85,890,687)	(2,264,339)	-	<b>(88,155,026)</b>	(42,102,460)	(3,144,783)	(1,280,088)	-	<b>(46,527,331)</b>	<b>(41,627,695)</b>
Plant and Equipment	349,967,139	2,941,099	-	<b>352,908,238</b>	165,489,588	12,603,491	-	-	<b>178,093,079</b>	<b>174,815,159</b>
	(355,229,778)	(4,688,621)	(9,951,260)	<b>(349,967,139)</b>	(158,524,853)	(12,106,681)	(4,412,394)	(9,554,340)	<b>(165,489,588)</b>	<b>(184,477,551)</b>
Electrical Installations	13,684,353	-	-	<b>13,684,353</b>	9,746,529	682,687	-	-	<b>10,429,216</b>	<b>3,255,137</b>
	(13,684,353)	-	-	<b>(13,684,353)</b>	(8,845,848)	(762,892)	(137,789)	-	<b>(9,746,529)</b>	<b>(3,937,824)</b>
Furniture and Fixtures	9,006,278	479,167	-	<b>9,485,446</b>	5,545,695	459,251	-	-	<b>6,004,946</b>	<b>3,480,499</b>
	(8,137,050)	(974,952)	(105,724)	<b>(9,006,278)</b>	(5,188,065)	(423,608)	(36,318)	(102,296)	<b>(5,545,695)</b>	<b>(3,460,583)</b>
Vehicles	10,755,833	885,885	1,282,107	<b>10,359,611</b>	2,931,843	1,428,306	-	762,266	<b>3,597,883</b>	<b>6,761,728</b>
	(8,091,194)	(2,729,024)	(64,385)	<b>(10,755,833)</b>	(1,775,111)	(1,217,898)	-	(61,166)	<b>(2,931,843)</b>	<b>(7,823,990)</b>
Office Equipments	3,997,458	229,985	30,779	<b>4,196,664</b>	2,819,300	491,949	-	3,403	<b>3,307,846</b>	<b>888,818</b>
	(3,965,952)	(148,048)	(116,542)	<b>(3,997,458)</b>	(1,409,974)	(933,795)	(580,994)	(105,463)	<b>(2,819,300)</b>	<b>(1,178,158)</b>
Factory Equipments	11,844,043	1,442,903	-	<b>13,286,946</b>	9,379,592	368,684	-	-	<b>9,748,276</b>	<b>3,538,670</b>
	(12,153,952)	(125,516)	(435,425)	<b>(11,844,043)</b>	(9,331,686)	(300,192)	(16)	(252,302)	<b>(9,379,592)</b>	<b>(2,464,451)</b>
Moulds and Dies	98,278,448	1,475,000	-	<b>99,753,448</b>	79,715,987	5,244,744	-	-	<b>84,960,731</b>	<b>14,792,717</b>
	(96,922,448)	(1,356,000)	-	<b>(98,278,448)</b>	(73,899,727)	(5,355,208)	(461,052)	-	<b>(79,715,987)</b>	<b>(18,562,461)</b>
Computers	10,763,559	907,200	36,750	<b>11,634,009</b>	8,905,941	909,912	-	34,913	<b>9,780,940</b>	<b>1,853,069</b>
	(10,646,138)	(966,200)	(848,779)	<b>(10,763,559)</b>	(8,590,150)	(1,104,797)	(17,587)	(806,593)	<b>(8,905,941)</b>	<b>(1,857,618)</b>
<b>Total</b>	<b>635,842,525</b>	<b>14,627,529</b>	<b>1,349,636</b>	<b>649,120,418</b>	<b>338,192,631</b>	<b>25,849,596</b>	-	<b>800,582</b>	<b>363,241,645</b>	<b>285,878,772</b>
	(634,111,940)	(13,252,700)	(11,522,115)	(635,842,525)	(316,367,454)	(25,781,099)	(6,926,238)	(10,882,160)	(338,192,631)	(297,649,894)

Note: Figures in bracket relate to the previous year

**B. Intangible assets acquired**

(Amount in Rupees)

Description of Assets	Gross block			Accumulated amortisation					Net Block	
	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	Upto March 31, 2015	Depreciation/Amortisation for the year	Transition Pursuant to Schedule II	Eliminated on disposal of assets	Upto March 31, 2016	As at March 31, 2016
Computer software	14,808,287	468,862	-	15,277,149	12,474,222	1,137,180	-	-	13,611,402	1,665,747
	(14,353,342)	(454,945)	-	(14,808,287)	(10,879,479)	(1,594,743)	-	-	(12,474,222)	(2,334,065)
<b>Total</b>	<b>14,808,287</b>	<b>468,862</b>	<b>-</b>	<b>15,277,149</b>	<b>12,474,222</b>	<b>1,137,180</b>	<b>-</b>	<b>-</b>	<b>13,611,402</b>	<b>1,665,747</b>
	(14,353,342)	(454,945)	-	(14,808,287)	(10,879,479)	(1,594,743)	-	-	(12,474,222)	(2,334,065)

Note: Figures in bracket relate to the previous year

**C. Depreciation and amortisation**

	For the year ended March 31, 2016	For the year ended March 31, 2015
Depreciation and amortisation for the year on tangible assets (Note No. 10 A)	25,849,596	25,781,099
Depreciation and amortisation for the year on intangible assets (Note No. 10 B)	1,137,180	1,594,743
<b>Total</b>	<b>26,986,776</b>	<b>27,375,842</b>

**D. Restrictions on assets**

Land and Building at Nashik and other moveable fixed assets are provided as security in respect of credit facilities sanctioned by bank.

**NOTE NO. 11 - DEFERRED TAX ASSETS (NET)**

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees	Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<u>Tax effect of items constituting deferred tax liability</u>			(c) Prepaid Expenses	664,281	1,068,407
On difference between book balance and tax balance of fixed assets	40,663,459	37,252,418	(d) Advance income tax	24,610,169	18,681,221
Tax effect of items constituting deferred tax liability	40,663,459	37,252,418	[Net of provisions Rs. 1,77,94,752 (As at March 31, 2015 Rs. 2,31,15,142)]		
<u>Tax effect of items constituting deferred tax assets</u>			(e) MAT credit entitlement	16,447,018	14,565,142
Provision for compensated absences and gratuity	3,496,611	5,964,319	(f) Balances with government authorities		
Provision for doubtful debts/advances	35,828,540	33,688,064	(i) CENVAT credit receivable	17,660	2,625,443
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	18,397,134	22,147,819	(ii) Excise Refund Claim	16,679,302	16,679,302
Unabsorbed depreciation	-	10,786,371*	<b>Total</b>	<b>70,772,606</b>	<b>62,487,128</b>
Tax effect of items constituting deferred tax assets	57,722,285	72,586,573			
Restricted to the extent of deferred tax liability	-	37,252,418			
<b>Net deferred tax asset</b>	<b>17,058,826</b>	<b>-</b>			

\* The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax net off of other balances constituting deferred tax asset.

**NOTE NO. 12 - LONG-TERM LOANS AND ADVANCES**

Unsecured, considered good, unless otherwise stated

(a) Capital advances	3,195,029	1,130,130
(b) Security deposits	9,159,147	7,737,483

**NOTE NO. 13 - OTHER NON-CURRENT ASSETS**

Trade receivables		
Unsecured, considered good	6,447,490	6,180,400
Doubtful	971,802	936,199
	7,419,292	7,116,599
Less: Provision for doubtful trade receivables	971,802	936,199
<b>Total</b>	<b>6,447,490</b>	<b>6,180,400</b>

**NOTE NO. 14 - CURRENT INVESTMENTS**

Current maturity of long-term investments in government securities - National Savings Certificates  
[Pledged with sales tax authority, Aggregate face value of Rs. 55,000]

<b>Total</b>	-	55,000
	-	55,000

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees	Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>NOTE NO. 15 - INVENTORIES</b>			<b>NOTE NO. 18 - SHORT-TERM LOANS AND ADVANCES</b>		
(At lower of cost and net realisable value)			(Unsecured, considered good, unless otherwise stated)		
(a) Raw materials & Components	154,392,277	158,504,265	(a) Security deposits	964,198	522,800
[Goods-in-transit Rs. 1,58,22,141 (As at March 31, 2015 Rs. 28,84,665)]			(b) Loans and advances to employees	1,077,982	1,543,250
(b) Work-in-progress	6,029,067	5,007,858	(c) Prepaid expenses	2,417,871	2,986,471
(c) Finished goods	95,820,906	93,019,951	(d) Balances with government authorities		
(d) Stock-in-Trade	22,050,441	26,277,427	(i) VAT credit receivable	720,465	1,690,637
[Goods-in-transit Rs. Nil (As at March 31, 2015 Rs. 19,10,285)]			(ii) Advance Service Tax/Entry Tax/ Customs duty	405,511	58,676
<b>Total</b>	<b>278,292,691</b>	<b>282,809,501</b>	(e) Others		
<b>NOTE NO. 16 - TRADE RECEIVABLES</b>			(i) Advance to Creditors		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			Considered Good	6,398,703	4,723,405
Unsecured, considered good	184,750,599	94,409,981	Doubtful	2,192,460	2,592,460
Doubtful	97,719,690	100,954,324	Less: Provision for doubtful advances	(2,192,460)	(2,592,460)
	<b>282,470,289</b>	195,364,305		<b>6,398,703</b>	4,723,405
Less: Provision for doubtful trade receivables	97,719,690	100,954,324	(ii) Advances Recoverable		
	<b>184,750,599</b>	94,409,981	Considered Good	-	249
Other Trade receivables			Doubtful	2,642,804	-
Unsecured, considered good	571,751,317	475,676,648	Less: Provision for doubtful advances	(2,642,804)	-
<b>Total</b>	<b>756,501,916</b>	570,086,629		<b>-</b>	<b>249</b>
Debts due from a private company in which a director is a director or member	104	77,215	<b>Total</b>	<b>11,984,730</b>	11,525,488
<b>NOTE NO. 17 - CASH AND BANK BALANCES</b>			<b>NOTE NO. 19 - OTHER CURRENT ASSETS</b>		
(A) Cash and cash equivalents			Octroi Refund Receivable	19,611,343	14,567,561
Cash on hand	150,949	301,764	Interest accrued on deposits	1,236,468	2,138,983
Balances with banks			Insurance Claim Receivable	-	4,000
(i) In current accounts	41,382,388	55,514,970	<b>Total</b>	<b>20,847,811</b>	16,710,544
(ii) In deposit accounts	121,049,375	80,977,285	<b>Particulars</b>		
(B) Other bank balances			<b>For the year ended</b>	<b>For the year ended</b>	
(i) Balances with banks held as margin money/security against borrowings and guarantees*	58,038,426	84,884,976	<b>March 31, 2016</b>	<b>March 31, 2015</b>	
(ii) Earmarked balances with banks**	15,112,611	48,271,371	<b>Rupees</b>	<b>Rupees</b>	
<b>Total</b>	<b>235,733,749</b>	269,950,366	<b>NOTE NO. 20 - REVENUE FROM OPERATIONS (GROSS)</b>		
* Includes margin monies amounting to Rs. 2,92,00,569 [As at March 31, 2015 Rs. 5,11,98,083] with maturity greater than 12 months from the Balance Sheet date.			(a) Sale of products (Refer Note (i) below)	1,997,588,879	1,637,673,728
** Includes Rs. 52,611 [As at March 31, 2015 Rs. 1,10,078] towards interest payable on Public Deposits Rs. 60,000 [As at March 31, 2015 Rs. 3,95,000] toward unclaimed Public Deposits, Rs. 1,50,00,000 [As at March 31, 2015 Rs. 4,77,66,293] being unutilised proceeds out of the Rights Issue.			(b) Sale of services (Refer Note (ii) below)	28,888,714	14,910,674
			(c) Other operating revenues (Refer Note (iii) below)	22,701,342	39,574,921
			<b>Total</b>	<b>2,049,178,935</b>	1,692,159,323
			<b>Notes</b>		
			(i) Sale of products comprises:		
			<u>Manufactured goods:</u>		
			Finished Goods	1,344,791,817	1,198,850,358
			Components	531,577,218	391,467,183
			Green House	35,116,562	5,022,898
			Traded Goods	86,103,282	42,333,289
			<b>Total - Sale of products</b>	<b>1,997,588,879</b>	1,637,673,728

Particulars	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees	Particulars	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
(ii) Sale of services comprises:			<b>NOTE NO. 24 - EMPLOYEE BENEFITS EXPENSE</b>		
Agronomy Services	1,299,759	1,488,845	Salaries and wages	193,156,268	172,183,828
Installation Services	11,608,536	4,524,995	Contributions to provident and other funds [Refer Note no. 29 (a)]	5,664,132	13,880,169
Land Scape Services	15,980,419	8,896,834	Expense on employee stock option scheme [Refer Note no. 28]	4,006,551	2,590,305
<b>Total - Sale of services</b>	<b>28,888,714</b>	<b>14,910,674</b>	Staff welfare expenses	9,022,446	8,689,084
(iii) Other operating revenues comprise:			<b>Total</b>	<b>211,849,397</b>	<b>197,343,386</b>
Sale of scrap	3,095,559	4,486,360	<b>NOTE NO. 25 - FINANCE COSTS</b>		
Octroi Refund	19,605,783	35,088,561	(a) Interest expense on:		
<b>Total - Other operating revenues</b>	<b>22,701,342</b>	<b>39,574,921</b>	(i) Borrowings		
			Cash Credit	402,514	322,532
<b>NOTE NO. 21 - OTHER INCOME</b>			Public Deposits	-	8,836,170
(a) Interest income			(ii) Trade payables	3,330,576	1,755,409
On deposits with banks	15,666,273	22,526,125	(iii) Others		
Interest on Deposits/Debtors	367,424	356,070	Interest on delayed payment of taxes	60,188	5,906
(b) Other non-operating income			Interest on liabilities	15,448	-
Liabilities no longer required written back	3,721,016	358,991	(b) Other borrowing costs		
Profit on sale of Current Investments	719,771	705,545	Processing fees / Guarantee Commission	786,498	1,036,233
Miscellaneous income	1,925,971	1,027,756	<b>Total</b>	<b>4,595,224</b>	<b>11,956,250</b>
Discount earned	1,853,342	638,770			
Bad debts recovered	44,226	12,615	<b>NOTE NO. 26 - OTHER EXPENSES</b>		
Profit on sale of Fixed Assets (Net)	4,521	-	Consumption of stores and spare parts	5,708,624	4,371,214
<b>Total</b>	<b>24,302,544</b>	<b>25,625,872</b>	Consumption of packing materials	11,362,052	7,539,498
			Power and fuel	39,313,114	27,751,924
<b>NOTE NO. 22 - COST OF MATERIALS CONSUMED</b>			Rent including lease rentals	14,866,403	13,477,688
Opening stock	158,504,265	189,486,341	Repairs and maintenance - Buildings	2,504,101	2,005,412
Add: Purchases	1,149,933,790	942,829,991	Repairs and maintenance - Machinery	5,538,134	3,631,643
	<b>1,308,438,055</b>	<b>1,132,316,332</b>	Repairs and maintenance - Others	4,351,475	2,419,199
Less: Closing stock	154,392,277	158,504,265	Manufacturing Processing Charges	-	8,776,987
<b>Total</b>	<b>1,154,045,778</b>	<b>973,812,067</b>	Site Expenses	8,678,213	7,575,695
Material consumed comprises:			Installation Expenses	20,126,515	135,258
Raw Material - Plastic Granules	692,565,908	584,281,884	Insurance	1,462,083	1,655,738
Components	461,479,870	389,530,183	Rates and taxes	6,623,830	3,122,608
<b>Total</b>	<b>1,154,045,778</b>	<b>973,812,067</b>	Communication	5,553,208	5,595,942
<b>NOTE NO. 23 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			Travelling and conveyance	42,440,931	39,071,140
<u>Inventories at the end of the year:</u>			Printing and stationery	2,310,754	2,552,574
Finished goods	95,820,906	93,019,951	Freight and forwarding	61,155,571	43,882,220
Work-in-progress	6,029,067	5,007,858	Sales commission	126,505,482	78,086,857
Stock-in-trade	22,050,441	26,277,427	Warranty Claim	12,204,777	5,677,413
	<b>123,900,414</b>	<b>124,305,236</b>	Sales promotion expense	1,922,947	1,369,595
<u>Inventories at the beginning of the year:</u>			Advertisements	6,826,549	8,028,494
Finished goods	93,019,951	149,560,628	Legal and professional fees	24,269,015	23,198,598
Work-in-progress	5,007,858	14,884,925	Payments to auditors [Refer Note below]	3,696,116	2,534,847
Stock-in-trade	26,277,427	5,526,623	Bad trade and other receivables, loans and advances written off	66,012,797	7,120,051
	<b>124,305,236</b>	<b>169,972,176</b>	Loss on fixed assets sold/scrapped/written off	-	611,297
<b>Net decrease</b>	<b>404,822</b>	<b>45,666,940</b>	Net Loss on foreign currency transactions	481,855	148,184



Particulars	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
Provision for doubtful trade receivables and advances (net)	3,291,114	62,505,534
Directors' Fees and Commission	1,944,365	240,000
Donations for CSR activity	547,200	970,000
Expenditure on Corporate Social Responsibility activities	569,575	409,980
Labour Charges	11,418,435	7,071,748
Miscellaneous expenses	11,184,037	7,837,951
<b>Total</b>	<b>502,869,272</b>	<b>379,375,289</b>

**Note:**

Payments to the auditors comprises (including service tax):

a) To Statutory auditors		
For audit	2,547,625	1,755,625
For other services	900,025	560,396
Reimbursement of expenses	76,716	50,286
	<b>3,524,366</b>	<b>2,366,307</b>
b) To Cost auditors for Cost audit	171,750	168,540
<b>Total</b>	<b>3,696,116</b>	<b>2,534,847</b>

**NOTE NO. 27 - ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****27.1 Contingent liabilities (to the extent not provided for)**

(a) Claims against the Company not acknowledged as debts	3,366,138	2,649,921
(b) Custom Duty/Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme	23,891,859	21,886,226
(c) Demands against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal/Department is in appeal		
Income Tax:	4,733,718	4,933,598
Sales Tax:	743,552	743,552
Excise Duty:	7,944,000	7,944,000
(d) Long Term Loans & Advances include refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities.	16,679,302	16,679,302

The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of "Unjust Enrichment" has ordered the claim to be transferred to the credit of the "Consumer Welfare Fund".

The Company had filed an appeal against the order. On hearing the appeal the Hon' CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon' CESTAT.

The Company had filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. The order Passed by the Commissioner (Appeals), Central Excise & Customs, Nashik is similar to order as given in order in appeal. The Company has filed an appeal to CESTAT Mumbai and no hearing has happened thereafter. The Claim is still tenable, no provision has been considered.

Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.

**27.2 Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets.

5,016,509 1,376,038

**27.3 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:**

Payable : USD	5,637	162,596
: Rupees	373,027	10,176,865
Receivable : USD	150	1,397
: Rupees	9,926	87,438

**27.4 Disclosure under Regulation 34(3) of SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company has not given any loans and advances in the nature of loans to subsidiaries, associates and firms / companies in which directors are interested. Further, The Company has not made any loans and advances where there is no repayment schedule or repayment beyond seven years or no interest or interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenure of the loan as per Section 186 of the Companies Act, 2013.

**27.5 There are no amounts due to Investor Education and Protection Fund.****27.6 Disclosure required in terms of Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In June, 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41,43,27,960 under the Rights Issue.

The uses and application of funds raised under the Rights Issue are given as under:

	Actual Utilisation	Revised Proposed Utilisation	Proposed Utilisation
Issue Related Expenses	13,018,040	13,018,040	13,018,040
Procurement of plant and machinery	6,926,626	21,926,626	54,692,920
Working capital requirements	302,766,294	302,766,294	270,000,000
General Corporate Purposes	76,617,000	76,617,000	76,617,000
Funds Utilised	399,327,960	414,327,960	414,327,960
Un-utilised Rights Issue proceeds*	15,000,000	-	-
<b>Total</b>	<b>414,327,960</b>	<b>414,327,960</b>	<b>414,327,960</b>

\* Temporarily invested in Fixed Deposits with Banks

Particulars	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
<b>27.7 Value of imports calculated on CIF basis:</b>		
Raw materials and Components	19,544,700	39,800,782
	<b>19,544,700</b>	<b>39,800,782</b>
<b>27.8 Expenditure in foreign currency:</b>		
Travelling	193,707	300,244
	<b>193,707</b>	<b>300,244</b>

Particulars	For the year ended	For the year ended
	March 31, 2016 Rupees	March 31, 2015 Rupees
<b>27.9 Earnings in foreign currency:</b>		
(i) Export of goods on F.O.B. Basis	1,183,308	932,248
(ii) Freight & Insurance	105,519	150,309
	<u>1,288,827</u>	<u>1,082,557</u>
<b>27.10 Details of consumption of imported and indigenous items:</b>		
<u>Imported</u>		
Raw materials and Components	18,466,537	16,318,649
	1.60%	1.68%
<u>Indigenous</u>		
Raw materials and Components	1,135,579,240	957,493,418
	98.40%	98.32%
	<u>1,154,045,777</u>	<u>973,812,067</u>

**27.11 Value of imported and indigenous Spare Parts consumed is as follows:**

<u>Imported</u>		
Spare Parts	596,908	788,888
	10.46%	18.05%
<u>Indigenous</u>		
Spare Parts	5,111,716	3,582,326
	89.54%	81.95%
	<u>5,708,624</u>	<u>4,371,214</u>

**NOTE NO. 28 - DISCLOSURES ON EMPLOYEE SHARE BASED PAYMENTS****Employee Stock Option Scheme**

- (a) Pursuant to the "Employees Stock Option Scheme - 2014" (ESOS) approved by the Shareholders in the Annual General Meeting held on July 31, 2014, the Company had granted 80,424 and 3228 Stock Options to the eligible employees on October 28, 2014 and October 31, 2015 respectively as per the recommendation of the Nomination and Remuneration Committee, at an exercise price of Rs. 10 /- each.

In respect of the options granted in 2014, the equity settled options vest in 5 tranches of 20% each upon the expiry of 12 months, 24 months, 36 months, 48 months and 60 months, respectively from the date of the grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 20% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date.

In respect of options granted in 2015, the equity settled options vest in 4 tranches of 25% each upon the expiry of 12 months, 24 months, 36 months and 48 months, respectively from the date of the grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 25% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

- (b) Employee stock options details are as follows:

Particulars	During the year ended		During the year ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Options (Numbers)	Weighted average exercise price per option (Rupees)	Options (Numbers)	Weighted average exercise price per option (Rupees)
Option outstanding at the beginning of the year	80,424	10	7,375	35
Granted during the year	3,228	10	80,424	10
Vested during the year	14,108	10	6,125	35
Exercised during the year	14,108	10	6,125	35
Lapsed during the year	13,185	10	1,250	35
Options outstanding at the end of the year	56,359	10	80,424	10

- (c) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

Particulars	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
Net Profit (as reported)	91,824,862	17,948,387
Add: stock based employee compensation (intrinsic value)	4,006,551	2,590,305
Less: stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	(4,619,014)	(2,645,383)
Net Profit (proforma)	91,212,399	17,893,309
Basic earnings per share (as reported)	3.32	0.65
Basic earnings per share (proforma)	3.30	0.65
Diluted earnings per share (as reported)	3.31	0.65
Diluted earnings per share (proforma)	3.29	0.65

- (d) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	Grant dated October 28, 2014 and October 31, 2015
Risk Free Interest Rate	8.06%
Expected Life	3.50 years
Expected Annual Volatility of Shares	55%
Expected Dividend Yield	Nil
Fare Value of options	170.97

**NOTE NO. 29 - EMPLOYEE BENEFIT PLANS**

- (a) Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 71,69,514 [Year ended March 31, 2015 Rs. 70,79,141] for Provident Fund contributions and Rs. 18,66,675 [Year ended March 31, 2015 Rs. 18,71,565] for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity
- ii. Compensated absences

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Rupees

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Gratuity Funded	Compensated Absence Unfunded	Gratuity Funded	Compensated Absence Unfunded
<b>Components of employer expense</b>				
Current service cost	2,877,474	2,154,061	4,374,080	2,974,039
Interest cost	1,643,561	555,090	1,560,257	447,733
Expected return on plan assets	(1,401,857)	–	(1,257,746)	–
Actuarial losses/(gains)	(6,377,688)	(2,473,598)	(1,037,507)	751,071
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>(3,258,510)</b>	<b>235,553</b>	<b>3,639,084</b>	<b>4,172,843</b>
<b>Actual contribution and benefit payments for year</b>				
Actual benefit payments	671,642	(2,149,891)	–	(1,651,694)
Actual contributions	21,586	2,149,891	707,685	1,651,694
<b>Net asset/(liability) recognised in the Balance Sheet</b>				
Present value of defined benefit obligation	17,558,324	6,304,622	21,488,476	8,218,960
Fair value of plan assets	17,534,005	–	16,081,668	–
Funded status [Surplus/(Deficit)]	(24,319)	(6,304,622)	(5,406,808)	(8,218,960)
<b>Net asset/(liability) recognised in the Balance Sheet</b>	<b>(24,319)</b>	<b>(6,304,622)</b>	<b>(5,406,808)</b>	<b>(8,218,960)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	21,488,476	8,218,960	17,262,679	5,697,811
Current service cost	2,877,474	2,154,061	4,374,080	2,974,039
Interest cost	1,643,561	555,090	1,560,257	447,733
Actuarial (gains)/losses	(7,779,545)	(2,473,598)	(1,138,714)	751,071
Benefits paid	–	(2,149,891)	–	(1,651,694)
Benefit Paid Directly by Company	(671,642)	–	(569,826)	–
Present value of DBO at the end of the year	17,558,324	6,304,622	21,488,476	8,218,960
<b>Change in fair value of assets during the year</b>				
Plan assets at beginning of the year	16,081,668	–	14,217,444	–
Adjustment to Opening Balance	1,430,751	–	–	–
Expected return on plan assets	1,401,857	–	1,257,746	–
Actual company contributions	21,586	2,149,891	707,685	1,651,694
Actuarial gains/(losses)	(1,401,857)	–	(101,207)	–

Rupees

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Gratuity Funded	Compensated Absence Unfunded	Gratuity Funded	Compensated Absence Unfunded
Benefits paid	–	(2,149,891)	–	(1,651,694)
Plan assets at the end of the year	17,534,005	–	16,081,668	–
Actual return on plan assets	1,463,850	–	1,156,539	–
<b>Composition of the plan assets is as follows:</b>				
Insurer managed funds	17,534,005	–	16,081,668	–
<b>Actuarial assumptions</b>				
Discount rate	7.46%	7.46%	7.77%	7.77%
Expected return on plan assets	8.00%	8.00%	9.00%	9.00%
Salary escalation	6.50%	6.50%	10.00%	10.00%
Attrition	5.00%	5.00%	5.00%	5.00%
Mortality tables	LIC (2006-08) Ult.	LIC (2006-08) Ult.	LIC (2006-08) Ult.	LIC (2006-08) Ult.
Estimate of amount of contribution in the immediate next year	1,316,004	6,304,722	1,531,951	6,738,136

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience adjustments	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
<b>Gratuity</b>					
Present value of DBO	17,558,324	21,488,476	17,262,679	14,289,847	13,094,312
Fair value of plan assets	17,534,005	16,081,668	14,217,444	11,717,444	9,766,440
Funded status [Surplus/(Deficit)]	(24,319)	(5,406,808)	(3,045,235)	(2,572,403)	(3,327,872)
Experience gain/(loss) adjustments on plan liabilities	(2,783,442)	(3,684,263)	593,704	681,634	697,153
Experience gain/(loss) adjustments on plan assets	–	(101,207)	80,081	903,287	(912,595)
<b>Compensated absences</b>					
Present value of DBO	6,304,622	8,218,960	5,697,811	5,819,701	5,672,137
Fair value of plan assets	–	–	–	–	–
Funded status [Surplus/(Deficit)]	–	(8,218,960)	(5,697,811)	(5,819,701)	(5,672,137)
Experience gain/(loss) adjustments on plan liabilities	(380,546)	1,100,374	690,538	414,951	870,704
Experience gain/(loss) adjustments on plan assets	–	–	–	–	–

**NOTE NO. 30 - RELATED PARTY DISCLOSURES****(a) Parties where control exists**

Name	Relationship
Mahindra and Mahindra Limited	Holding Company

**(b) Other related parties with whom transactions have been undertaken**

Name	Relationship
Mahindra Logistics Limited	Fellow subsidiary
Mahindra ZHPC Pvt Ltd	Fellow subsidiary
Mahindra Lifespace Developers Ltd	Fellow subsidiary
Mr. Ashok Sharma	Key Management Personnel (Managing Director)
Mr. Sanjeev Mohoni	Key Management Personnel (Chief Executive Officer)
Mr. Mayur Bumb	Key Management Personnel (Chief Financial Officer)

**(c) Details of related party transactions during the year and balances outstanding:**

Particulars	For the year ended March 31, 2016 (Rupees)	For the year ended March 31, 2015 (Rupees)
<b>Sale of goods</b>		
Mahindra and Mahindra Ltd	7,000,000	–
Mahindra ZHPC Pvt Ltd	104	–
Mahindra Lifespace Developers Ltd	5,154,159	–
<b>Purchase of Vehicles</b>		
Mahindra and Mahindra Limited	–	1,428,068
<b>Remuneration</b>		
Mr. Ashok Sharma	12,30,000*	6,00,000*
Mr. Sanjeev Mohoni	84,74,167*	–
Mr. Mayur Bumb	3,688,770	3,253,573
<b>Management contracts including for deputation of personnel</b>		
Mahindra and Mahindra Limited	12,609,195	11,575,326
Mahindra Logistics Limited	393,076	387,642
<b>Travelling Expense</b>		
Mahindra and Mahindra Limited	327,360	1,099,020
<b>Rent</b>		
Mahindra and Mahindra Limited	–	495,797
Mahindra Logistics Limited	183,674	–
<b>Reimbursement of expenses to</b>		
Mahindra and Mahindra Limited	171,570	78,220
<b>Professional Fees</b>		
Mahindra and Mahindra Limited	1,606,500	3,147,168
<b>Purchase of Intangible Assets</b>		
Mahindra and Mahindra Limited	3,268,000	–
<b>Balances outstanding at the end of the year</b>		
<b>Trade payables</b>		
Mahindra and Mahindra Limited	4,874,500	19,046,849

Particulars	For the year ended March 31, 2016 (Rupees)	For the year ended March 31, 2015 (Rupees)
Mahindra Logistics Limited	213,185	29,429
<b>Balances outstanding at the end of the year</b>		
<b>Trade Receivables</b>		
Mahindra and Mahindra Ltd	7,000,000	–
Mahindra ZHPC Pvt Ltd	104	–
Mahindra Lifespace Developers Ltd	3,396,765	–
<b>Security Deposits</b>		
Mahindra Lifespace Developers Ltd	174,392	–

\* The amount has been reimbursed to the Holding Company.

The Holding Company has confirmed that there will be no recovery of ESOP Cost from the Company in respect of employee deputed to the Company

**NOTE NO. 31 - SEGMENT REPORTING**

The Company is engaged in the business of 'Micro Irrigation System' (MIS). All other activities of the Company revolve around the main business and accordingly there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17).

**NOTE NO. 32 - DETAILS OF LEASING ARRANGEMENTS****As Lessee**

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are generally cancellable and are for a period of 11 months to 10 years under leave & license agreements and may be renewed by mutual consent on mutually agreeable terms.

Particulars	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
(i) Lease payments recognised in the Statement of Profit and Loss	12,446,475	10,850,604
(ii) Future minimum lease payments		
not later than one year	1,495,894	1,612,772
later than one year and not later than five years	1,366,716	932,228

**NOTE NO. 33 - EARNINGS PER SHARE****Basic**

Net Profit for the year attributable to the equity shareholders	91,824,862	17,948,387
No. of shares outstanding at the beginning of the year	27,644,364	27,638,239
Weighted average No. of Shares for ESOP	5,898	2,198
Weighted average No. of Shares outstanding during the year	27,650,262	27,640,437
Par value per share	10	10
Earnings per share - Basic	3.32	0.65

**Diluted**

Net Profit for the year attributable to equity shareholders (on dilution)	91,824,862	17,948,387
Weighted average number of equity shares for Basic EPS	27,650,262	27,640,437
Add: Effect of ESOPs which are dilutive	52,245	75,378

Particulars	For the year ended	For the year ended
	March 31, 2016 Rupees	March 31, 2015 Rupees
Weighted average number of equity shares - for diluted EPS	27,702,507	27,715,815
Par value per share	10	10
Earnings per share - Diluted	3.31	0.65

**NOTE NO. 34 - PROVISION ON FRAUD**

During the year other expenses included a provision of Rs. 29,25,000 in respect of expected loss due to alleged misappropriation of funds by an ex-employee. The Company has already taken remedial action in the matter which is now under investigation with the appropriate authorities.

**NOTE NO. 35 - PROVISION FOR WARRANTY**

(a) Provision for warranty is made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under a free warranty period ranging from 6 months to 5 years from the date of sale.

(b) The movement in provision for warranty is as follows:

Particulars	For the year ended	For the year ended
	March 31, 2016 Rupees	March 31, 2015 Rupees
Balance as at April 1	8,552,648	7,000,000
Add: Provision made during the year	12,204,777	5,677,413
Less: Utilisation during the year	4,561,656	4,124,765
Balance as at March 31	<u>16,195,769</u>	<u>8,552,648</u>
Out of the above,		
Classified as Non Current	9,792,648	6,752,648
Classified as Current	6,403,121	1,800,000
	<u>16,195,769</u>	<u>8,552,648</u>

**NOTE NO. 36 - PREVIOUS YEAR'S FIGURES**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

<b>Ashok Sharma</b>	}	Managing Director
<b>S. Durgashankar</b>		Directors
<b>Nikhilesh Panchal</b>		
<b>Vinayak Patil</b>		
<b>Anand Daga</b>		
<b>Sanjeev Mohoni</b>		Chief Executive Officer
<b>Mayur Bumb</b>		Chief Financial Officer
<b>R. V. Nawghare</b>		Company Secretary

Place : Nashik  
Date : April 27, 2016

## DIRECTORS' REPORT

### To the Members,

Your Directors present their Second Report together with the Audited Financial Statements of your Company for the year ended 31<sup>st</sup> March, 2016.

### THE COMPANY

The Company was incorporated on 9<sup>th</sup> July, 2014 to inter alia carry on the business of whole-sale of fruits and vegetables. The Company is a subsidiary of Mahindra Agri Solutions Limited (*formerly known as Mahindra Shubhlabh Services Limited*) which in turn is a subsidiary of Mahindra & Mahindra Limited.

### FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS:

(Rupees in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2016	For the Year ended 31 <sup>st</sup> March, 2015
Gross Income	4658.24	1223.43
Profit Before Interest and Depreciation	(187.98)	(37.61)
Finance Charges	-	-
Gross Profit	(187.98)	(37.61)
Provision for Depreciation	0.95	-
Net Profit Before Tax	(188.93)	(37.61)
Provision for Tax	-	-
Net Profit After Tax	(188.93)	(37.61)
Balance of Profit brought forward	(37.61)	-
Balance available for appropriation	-	-
Proposed Dividend on Equity Shares	-	-
Tax on proposed Dividend	-	-
Transfer to General Reserve	-	-
Surplus carried to Balance Sheet	(226.54)	(37.61)
Net Worth	854.46	1043.39

No material changes and commitments have occurred after the closure of year under review till the date of this Report which would affect the financial position of the Company.

### OPERATIONS

In the financial year 2015-16 your Company moved with consolidating operations of Fruits marketing and distribution in North and West regions of the country. Primary focus remained on sourcing, ripening and marketing of banana and distribution of imported fruits into the Indian market. It also initiated Domestic Apples business with trading during season and storage of apples in a controlled atmosphere for marketing during off season.

The Company concentrated on Banana business in the NCR and also initiated operations in Mumbai. Imported Fruits and Domestic Apples distribution taken together reached 19 cities.

Developing "Saboro" as a premium fruit brand in all three businesses was ensured through superior quality and packaging. The brand got good visibility and recognition in the trade. Share of Saboro Banana reached 14% of our total sales from 5% in the last financial year. The Company also marketed premium imported Italian apples and Indian apples in Saboro.

The Company achieved a volume of 137 containers for imported Fruits, 4238 MT of Banana and 1230 MT of Apples.

The Company has also taken cognizance of building the right resources for future growth and has inducted quality resources and is constantly working towards their development.

In the forthcoming financial year the Company will consolidate its operations in the markets where it has expanded and strengthen its distribution beyond wholesalers firmly into semi wholesalers and MT retailers to enhance operating margins.

It will also build its own presence in the two biggest wholesale markets in India, viz in Azadpur in Delhi and Vashi in Mumbai for better visibility and increased trade connect. It will also finalize plans for leased or own infrastructure to increase operational efficiencies.

#### DIVIDEND

In view of the losses incurred, your Directors do not recommend any dividend for the year ended 31st March, 2016.

#### SHARE CAPITAL

The present Authorised Share Capital of the Company is Rs. 600 lakhs and the paid up share capital of the Company is Rs. 555 lakhs divided into 55,50,000 Equity Shares of Rs. 10/- each.

During the period under review, there has been no change in the capital structure of the Company.

#### BOARD OF DIRECTORS

Sr. No.	Name of Director & DIN	Designation	Category	
			Non Executive	Non Independent
1.	Mr. Ashok Sharma (DIN: 02766679)	Chairman	Non Executive	Non Independent
2.	Mr. Vikram Puri (DIN: 00234881)	Director	Non Executive	Non Independent
3.	Mr. Nikhil Sohoni (DIN: 06852639)	Director	Non Executive	Non Independent
4.	Mr. Hein Carlos Deprez (DIN: 06910718)	Director	Non Executive	Non Independent
5.	Ms. Marleen Vaesen (DIN: 07442120)	Director	Non Executive	Non Independent

Mr. Francis Kint (DIN: 06910694) resigned from the Directorship of the Company with effect from 10<sup>th</sup> October, 2015. The Board places on record its sincere appreciation of the valuable contribution made by Mr. Francis Kint during his tenure as Director of the Company.

Ms. Marleen Vaesen (DIN: 07442120) was appointed as an Additional Director of the Company with effect from 26<sup>th</sup> April, 2016. The Company has received consent to act as a Director from Ms. Marleen Vaesen pursuant to section 152(5) and rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014].

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013, proposing the candidature of Ms. Marleen Vaesen for her appointment as Director at the ensuing Annual General Meeting.

In accordance with Section 152(6) of the Companies Act, 2013 Mr. Ashok Sharma (DIN: 02766679) retires at the ensuing Annual General Meeting of the Company and being eligible, offers himself for reappointment.

The Board recommends his re-appointment.

#### BOARD MEETINGS

The Board of Directors met four times during the period 30<sup>th</sup> April, 2015, 23<sup>rd</sup> July, 2015, 10<sup>th</sup> November, 2015 and 14<sup>th</sup> January, 2016. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as follows:

Name of the Director	No. of meetings attended
Mr. Ashok Sharma	4
Mr. Vikram Puri	4
Mr. Nikhil Sohoni	3
Mr. Hein Deprez	1
Mr. Francis Kint	1
Ms. Marleen Vaesen*	-

\* Appointed with effect from 26<sup>th</sup> April, 2016.

#### ANNUAL GENERAL MEETING

The Annual General Meeting of the Company was held on 29<sup>th</sup> July, 2015.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed;
- that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2016 and of the Loss of the Company for the financial year ended of that date;
- that proper and sufficient care has been 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;
- that the annual accounts have been prepared on a going concern basis; and
- that proper systems have been identified to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

### **KEY MANAGERIAL PERSONNEL**

Pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Mr. Avdhesh Rathi as Chief Financial Officer of the Company with effect from 30th April, 2015. In view of organizational changes, Mr. Avdhesh Rathi has resigned as the CFO of the Company and subsequently to comply with the requirements of section 203 of Companies Act, 2013, the Board of Directors in their meeting held on 26<sup>th</sup> April, 2016 has appointed Mr. Anil Saboo as the CFO of the Company with effect from 27<sup>th</sup> April, 2016.

The Company's other Key Managerial Personnel comprises of Mr. Sudipta Mukhopadhyay as Chief Executive officer and Mr. Rajesh Somani as Company Secretary of the Company.

### **AUDITORS**

M/s. B.K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W), were appointed as Auditors for a period of 5 years i.e. from the conclusion of the first Annual General Meeting until the conclusion of the sixth Annual General Meeting ("AGM"). In view of the same, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. The Board of Directors of the Company recommends ratification of their appointment at the ensuing AGM of the Company.

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B.K. Khare & Co; Chartered Accountants, to the effect that their re-appointment would be in conformity with the conditions and criteria specified in the said sections.

The Members are requested to ratify the appointment of Auditors and fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

### **REPORTING OF FRAUDS**

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143 (12) of the Companies Act 2013, details of which needs to be mentioned in this report.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 is given as Annexure I to this Report.

### **PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES AND INVESTMENTS**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the ultimate parent Company Mahindra and Mahindra Limited.

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as Annexure II and the same forms part of this Report.

### **EXTRACT OF ANNUAL RETURN:**

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as Annexure III which forms a part of this Annual Report.

### **INTERNAL CONTROLS**

Your Company has implemented a proper system of internal control with reference to financial statements and monitoring procedures, commensurate with the size, scale and complexity of its operations. The Operating Management of the Company regularly conducts reviews to assess the adequacy of financial and operating controls for the businesses of the Company. The Company has set up a process whereby significant issues, if any shall be reported to the Board of Directors of the Company.

### **THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the year under review no complaints were received under the The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.



**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

**GENERAL DISCLOSURES**

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

**ACKNOWLEDGEMENTS**

The Directors take this opportunity to place on record their sincere appreciation for the valuable contribution by employees of the Company at all levels. The Directors also appreciate the cooperation given by Customers, Suppliers and Government authorities.

For and on behalf of the Board

**Ashok Sharma**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016

## ANNEXURE I TO THE DIRECTORS' REPORT

### PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

##### (A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy:  
Though the activities of the Company are not power intensive, however adequate measures are taken to contain and bring saving in power consumption through better house-keeping and awareness programs.
- (ii) the steps taken by the Company for utilizing alternate sources of energy: Not applicable
- (iii) the capital investment on energy conservation equipment: Nil

##### (B) Technology absorption:

- (i) the efforts made towards technology absorption: None
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year: Not applicable

(iv) the expenditure incurred on Research and Development: Nil

##### (C) Foreign Currency earnings and outgo

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Rs 1892.13 Lakhs (Previous Year Rs 848.36 Lakhs).

For and on behalf of the Board

**Ashok Sharma**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016

**ANNEXURE II TO THE DIRECTORS' REPORT****FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Nature of contracts/ transactions/ arrangements	Name of the related party	Nature of relationship	Duration of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value if any (Rs. in Lakhs)	Date(s) of approval by the Board, if any	Amount paid as advances if any
1.	Purchase of Fresh Fruits	Univeg Trade Italy	Fellow Subsidiary of JV partner	Ongoing	At prevailing market price Rs. 1303.43	Not applicable	Nil

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. Fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

**Ashok Sharma**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016

**ANNEXURE III TO THE DIRECTORS' REPORT**

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31<sup>st</sup> March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1. <b>CIN</b>	U01403MH2014PTC255946
2. <b>Registration Date</b>	9 <sup>th</sup> July, 2014
3. <b>Name of the Company</b>	Mahindra UNIVEG Private Limited
4. <b>Category/Sub-Category of the Company</b>	Company limited by shares/Indian Non-Government Company
5. <b>Address of the Registered Office and Contact details</b>	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400018, Maharashtra. Tel: +91 22 24905633 Fax: +91 22 24900833
6. <b>Whether listed Company (Yes/No)</b>	No
7. <b>Name, Address and Contact details of Registrar and Transfer Agent</b>	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the company.
1.	WHOLESALE OF FRUITS & VEGETABLES	46301	99.50%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sr. No.	Name and address of the company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Agri Solutions Limited. (Formerly known as Mahindra Shubhlabh Services Limited) Mahindra Towers, 5 <sup>th</sup> Floor, Worli, Mumbai - 400 018.	U01400MH2000PLC125781	Holding Company	60%	2(46)
2.	Mahindra and Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	-	2(46)

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	33,29,999	33,29,999	60%	-	33,29,999	33,29,999	60%	-
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any other...	-	1*	1*	0%	-	1*	1*	0%	-
<b>Sub - Total - (A) - (1):-</b>	-	33,30,000	33,30,000	60%	-	33,30,000	33,30,000	60%	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Foreign</b>									
a. NRI – Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corp.	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
<b>Sub Total – (A) (2)</b>	–	–	–	–	–	–	–	–	–
<b>Total Share Holding of Promoters (A) = (A)(1) + (A)(2)</b>	–	<b>33,30,000</b>	<b>33,30,000</b>	<b>60%</b>	–	<b>33,30,000</b>	<b>33,30,000</b>	<b>60%</b>	–
<b>B. Public Shareholding</b>									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub – Total – (B)(1)</b>	–	–	–	–	–	–	–	–	–
<b>2. Non – Institution</b>	–	–	–	–	–	–	–	–	–
a. Bodies Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	22,20,000	22,20,000	40%	–	22,20,000	22,20,000	40%	–
b. Individual	–	–	–	–	–	–	–	–	–
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub – Total – (B)(2)</b>	–	–	–	–	–	–	–	–	–
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	–	<b>22,20,000</b>	<b>22,20,000</b>	<b>40%</b>	–	<b>22,20,000</b>	<b>22,20,000</b>	<b>40%</b>	–
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	–	<b>55,50,000</b>	<b>55,50,000</b>	<b>100%</b>	–	<b>55,50,000</b>	<b>55,50,000</b>	<b>100%</b>	–

\* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as nominee of Mahindra Agri Solutions Limited (formerly known as Mahindra Shubhlabh Services Limited).

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Agri Solutions Limited (Formerly known as Mahindra Shubhlabh Services Limited)	33,29,999	60%	–	33,29,999	60%	–	0%
2.	Mr. Ashok Sharma	1*	0%	–	1*	0%	–	0%
	<b>Total</b>	<b>33,30,000</b>	<b>60%</b>	–	<b>33,30,000</b>	<b>60%</b>	–	0%

\* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as nominee of Mahindra Agri Solutions Limited (Formerly known as Mahindra Shubhlabh Services Limited).

**iii. Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the company
<b>1</b>	<b>Mahindra Agri Solutions Ltd.</b>				
	At the beginning of the year	33,29,999	60%	33,29,999	60%
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change		No Change	
	At the end of the year	33,29,999	60%	33,29,999	60%

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the company
<b>2</b>	<b>Mr. Ashok Sharma</b>				
	At the beginning of the year	1	0%	1	0%
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change		No Change	
	At the end of the year	1	0%	1	0%

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Univeg BV	22,20,000	40%	22,20,000	40%

**v. Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year				
1	Mr. Ashok Sharma	1*	0%	1*	0%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the end of the year	1*	0%	1*	0%

\* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as nominee of Mahindra Agri Solutions Limited (Formerly known as Mahindra Shubhlabh Services Limited).

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total of (i + ii + iii)</b>				

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Change in indebtedness during the financial year</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total of (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

Sl. No.	Particulars of Remuneration							Total Amount
	Gross Salary							
1.	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-	-
4.	Commission	-	-	-	-	-	-	-
	- As % of Profit							
	- Others, specify...							
5.	Others, Contribution to PF	-	-	-	-	-	-	-
	<b>Total (A)</b>							
	<b>Ceiling as per the Act</b>	-	-	-	-	-	-	-

### B. Remuneration of other directors: NIL

Particulars of Remuneration	Name of Directors					Total Amount
	Mr. Ashok Sharma (Director)	Mr. Hein Deprez (Director)	Mr. Vikram Puri (Director)	Mr. Nikhil Sohoni (Director)	Mr. Francis Kint (Director) (upto 9 <sup>th</sup> October, 2015)	
1. Independent Directors						
• Fee for attending board/committee meetings	-	-	-	-	-	-
• Commission	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-
<b>Total (1)</b>						
2. Other Non-Executive	-	-	-	-	-	-
• Fee for attending board/committee meetings	-	-	-	-	-	-
• Commission	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-
<b>Total (2)</b>						
<b>Total B = (1+2)</b>	-	-	-	-	-	-
<b>Total Managerial Remuneration</b>	-	-	-	-	-	-
Ceiling as per the Act						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.		Key Managerial Personnel			Total (in lakhs)
		Mr. Sudipta Mukhopadhyay (Chief Executive Officer)	Mr. Avdhesh Rathi (Chief Financial Officer)	Mr. Rajesh Somani (Company Secretary)	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	44.59	23.28	–	67.87
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–
2.	Stock option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– As % of Profit	–	–	–	–
	– Others, specify...	–	–	–	–
5.	Others (Contribution to the Provident Fund)	1.22	0.91	–	2.13
	Others: Retainer-ship	–	–	3.42	3.42
	<b>Total (C)</b>	<b>45.81</b>	<b>24.19</b>	<b>3.42</b>	<b>73.42</b>

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	–	Nil	Nil	Nil	Nil
Punishment	–	Nil	Nil	Nil	Nil
Compounding	–	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	–	Nil	Nil	Nil	Nil
Punishment	–	Nil	Nil	Nil	Nil
Compounding	–	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	–	Nil	Nil	Nil	Nil
Punishment	–	Nil	Nil	Nil	Nil
Compounding	–	Nil	Nil	Nil	Nil

For and on behalf of the Board

**Ashok Sharma**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016



## INDEPENDENT AUDITOR'S REPORT

### To the Members of MAHINDRA UNIVEG PRIVATE LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHINDRA UNIVEG PRIVATE LIMITED** ("the Company"), which comprise of the Balance Sheet as at March 31, 2016, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being

- appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in Notes forming part of Financial Statements’, Significant Accounting Policies.
- ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**  
**Chartered Accountants**  
Firm’s Registration Number 105102W

**Padmini Khare Kaicker**  
Partner  
Membership Number 044784

Mumbai, April 26, 2016

**ANNEXURE A TO THE AUDITOR'S REPORT  
REFERRED TO IN OUR REPORT OF EVEN  
DATE:**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.  
(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.  
(c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the company.
2. On facts, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
3. The Company has not granted any loans to parties covered in the register maintained under Section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us the provisions of section 186 of the Companies Act, 2013 have been complied with. During the year, the Company has not provided loan to any of its directors', therefore, provisions of Section 185 were not applicable during the year.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.
6. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.
7. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.  
(b) According to the records of the company and information and explanations given to us there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the relevant authority.
8. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or bank or debenture holders as at the Balance Sheet date.
9. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.
10. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
11. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
13. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
15. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with him.
16. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B. K. Khare & Co.**  
**Chartered Accountants**  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner  
Membership Number 044784

Mumbai, April 26, 2016

## **ANNEXURE B TO OUR REPORT OF EVEN**

### **DATE:**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Mahindra Univeg Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**  
**Chartered Accountants**  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner  
Membership Number 044784

Mumbai, April 26, 2016

**BALANCE SHEET AS AT 31<sup>st</sup> March 2016**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2016 Rupees	As at 31 <sup>st</sup> March, 2015 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital .....	1	55,500,000	55,500,000
Reserves and surplus.....	2	29,946,280	48,839,124
		<b>85,446,280</b>	<b>104,339,124</b>
<b>Non-current liabilities</b>			
Long-term provisions .....	3	1,249,768	1,059,796
		<b>1,249,768</b>	<b>1,059,796</b>
<b>Current liabilities</b>			
Trade payables.....	4	97,550,417	89,550,036
Other current liabilities .....	5	6,316,879	3,059,647
Short-term provisions .....	6	87,958	89,326
		<b>103,955,254</b>	<b>92,699,009</b>
<b>TOTAL</b> .....		<b>190,651,302</b>	<b>198,097,929</b>
<b>II. ASSETS</b>			
<b>Fixed Assets</b>			
<b>Tangible Assets</b> .....	7	<b>614,664</b>	-
<b>Intangible under development</b> .....		<b>389,999</b>	-
<b>Non-current assets</b>			
Long term loans & advances.....	8	3,491,116	1,477,623
		<b>3,491,116</b>	<b>1,477,623</b>
<b>Current assets</b>			
Inventories .....	9	60,674,457	36,426,861
Trade receivables .....	10	98,596,387	45,546,521
Cash and cash equivalents .....	11	24,482,158	112,361,115
Short-term loans and advances.....	12	869,749	1,018,334
Other current assets.....	13	1,532,772	1,267,475
		<b>186,155,523</b>	<b>196,620,306</b>
<b>TOTAL</b> .....		<b>190,651,302</b>	<b>198,097,929</b>
Summary of significant accounting policies	20		

In terms of our report attached  
**For B. K. Khare & Co.**  
Chartered Accountants  
FRN: 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016

For **Mahindra Univeg Private Limited**

**Ashok Sharma**  
Chairman

**Vikram Puri**  
Director

**Sudipta Mukhopadhyay**  
Chief Executive Officer

**Rajesh Somani**  
Company Secretary

**Hein Deprez**  
Director

**Nikhil Sohoni**  
Director

**Avdhesh Rathi**  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	For the year ended	For the year ended
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
		Rupees	Rupees
I Revenue from operations.....	14	462,046,408	117,760,620
II Other income.....	15	3,777,295	4,581,934
III <b>Total revenue (I + II)</b> .....		<b>465,823,703</b>	<b>122,342,554</b>
<b>Expenses</b>			
Purchases of stock-in-trade (refer note no 29) .....		449,536,960	142,563,934
Changes in inventories of stock-in-trade.....	16	(22,905,679)	(35,462,396)
Employee benefits expense.....	17	22,925,882	7,205,379
Depreciation.....	7	94,718	–
Other expenses .....	18	35,064,666	11,796,513
IV <b>Total expenses</b> .....		<b>484,716,547</b>	<b>126,103,430</b>
V <b>Profit before tax (III-IV)</b> .....		<b>(18,892,844)</b>	<b>(3,760,876)</b>
VI <b>Tax expense</b>			
Current tax expenses .....		–	–
VII <b>Profit for the year (V-VI)</b> .....		<b>(18,892,844)</b>	<b>(3,760,876)</b>
<b>VIII Earnings per equity share:</b>			
Basic and diluted earnings per equity share of Rs. 10 each.....	23	(3.40)	(0.68)
Summary of significant accounting policies	20		

In terms of our report attached  
**For B. K. Khare & Co.**  
Chartered Accountants  
FRN: 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016

For **Mahindra Univeg Private Limited**

**Ashok Sharma**  
Chairman

**Vikram Puri**  
Director

**Sudipta Mukhopadhyay**  
Chief Executive Officer

**Rajesh Somani**  
Company Secretary

**Hein Deprez**  
Director

**Nikhil Sohoni**  
Director

**Avdhesh Rathi**  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax .....	(18,892,844)	(3,760,876)
Adjustments for :		
Depreciation.....	94,718	-
Unrealised foreign exchange (gain)/loss.....	-	300,349
Interest receipts on fixed deposit.....	(3,777,295)	(4,581,934)
<b>Operating profit before working capital changes.....</b>	<b>(22,575,421)</b>	<b>(8,042,461)</b>
(Increase)/decrease in trade receivables .....	(53,049,866)	(45,546,521)
(Increase)/decrease in inventories .....	(24,247,596)	(36,426,863)
(Increase)/decrease in loans and advances and other assets .....	(2,087,216)	(3,431,997)
Increase/(decrease) in trade payables, other liabilities and provisions.....	11,446,217	93,458,458
	<b>(67,938,461)</b>	<b>8,053,077</b>
<b>Cash generated from/(used in) operations.....</b>	<b>(90,513,882)</b>	<b>10,616</b>
Income tax paid (net of refund) .....	-	-
<b>NET CASH GENERATED/(USED) IN OPERATING ACTIVITIES.....</b>	<b>(90,513,882)</b>	<b>10,616</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets.....	(1,099,382)	-
<b>NET CASH GENERATED/(USED) IN INVESTING ACTIVITIES.....</b>	<b>(1,099,382)</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Increase in share Capital .....	-	55,500,000
Increase in share premium .....	-	52,600,000
Interest Received .....	3,734,306	4,250,499
<b>NET CASH GENERATED/(USED) IN FINANCING ACTIVITIES.....</b>	<b>3,734,306</b>	<b>112,350,499</b>
<b>Net (decrease)/increase in cash and cash equivalents.....</b>	<b>(87,878,957)</b>	<b>112,361,115</b>
Cash and cash equivalents at the beginning of the year .....	<b>112,361,115</b>	-
Cash and cash equivalents at the end of the year .....	<b>24,482,158</b>	<b>112,361,115</b>
<b>Cash and cash equivalents as per Note 11.....</b>	<b>24,482,158</b>	<b>112,361,115</b>

## Notes:-

- The Cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 on "Cash Flow statements" issued by the institute of Chartered Accountants of India.
- Components of Cash and Cash equivalents for the purpose of cash flow comprise cash in hand and bank balances in current account and fixed deposit accounts with original maturity of less than 12 months.

Summary of significant accounting policies

20

In terms of our report attached

**For B. K. Khare & Co.**

Chartered Accountants

FRN: 105102W

**Padmini Khare Kaicker**

Partner

Membership No.: 044784

Place: Mumbai

Date: 26<sup>th</sup> April, 2016For **Mahindra Univeg Private Limited****Ashok Sharma**

Chairman

**Vikram Puri**

Director

**Sudipta Mukhopadhyay**

Chief Executive Officer

**Rajesh Somani**

Company Secretary

**Hein Deprez**

Director

**Nikhil Sohoni**

Director

**Avdhesh Rathi**

Chief Financial Officer

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Share Capital

	As at 31 <sup>st</sup> March, 2016 Rupees	As at 31 <sup>st</sup> March, 2015 Rupees		As at 31 <sup>st</sup> March, 2016 Rupees	As at 31 <sup>st</sup> March, 2015 Rupees
<b>Authorised</b>			<b>2. Reserves and Surplus</b>		
60,00,000 equity shares of Rs. 10 each	60,000,000	60,000,000	<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
	<u>60,000,000</u>	<u>60,000,000</u>	Opening balance	(3,760,876)	–
<b>Issued, subscribed and fully paid up</b>			Add: Profit/(Loss) for the year	(18,892,844)	(3,760,876)
Mahindra Agri Solutions Limited holding 33,30,000 equity shares of Rs. 10 each and UNIVEG BV holding 22,20,000 equity shares of Rs. 10 each	55,500,000	55,500,000	Closing balance	<u>(22,653,720)</u>	<u>(3,760,876)</u>
	<u>55,500,000</u>	<u>55,500,000</u>	<b>Share Premium</b>		
			UNIVEG BV paid @ 23.6937 per share for subscribing to Equity Shares 22,20,000	52,600,000	52,600,000
			<b>TOTAL</b>	<u>29,946,280</u>	<u>48,839,124</u>
<b>(a) Shares held by holding company:</b>			<b>3. Long-term provisions</b>		
			<b>Provision for employee benefits</b>		
			– Compensated absences	750,534	616,132
			– Gratuity (refer note no 21)	499,234	443,664
			<b>TOTAL</b>	<u>1,249,768</u>	<u>1,059,796</u>
			<b>4. Trade payables</b>		
			Trade payables :		
			– Micro and Small Enterprises (refer note no 30)	88,568	–
			– Other Sundry Creditors	97,461,849	89,550,037
			<b>TOTAL</b>	<u>97,550,417</u>	<u>89,550,037</u>
<b>(b) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:</b>			<b>5. Other Current Liabilities</b>		
			(i) Payables to statutory authorities (includes statutory dues such as TDS, PF, etc.)	755,555	562,699
			(ii) Trade deposits	21,000	15,000
			(iii) Others	5,540,324	2,481,948
			<b>TOTAL</b>	<u>6,316,879</u>	<u>3,059,647</u>
<b>(c) Rights, Preferences and Restrictions attached to Equity Shares:</b>			<b>6. Short-term provisions</b>		
The company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.			<b>Provision for employee benefits</b>		
			– Compensated absences	87,958	89,326
			<b>TOTAL</b>	<u>87,958</u>	<u>89,326</u>

### 7. Fixed Assets

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31 <sup>st</sup> March, 2015	Additions during the year	Deductions	As at 31 <sup>st</sup> March, 2016	Upto 31 <sup>st</sup> March, 2015	For the year	Total as at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>TANGIBLE ASSETS</b>									
Plant & Machinery	–	142,349	–	142,349	–	2,528	2,528	139,821	–
Furniture & Fixtures	–	8,225	–	8,225	–	725	725	7,500	–
IT Equipment	–	527,573	–	527,573	–	87,307	87,307	440,266	–
Office Equipment	–	31,236	–	31,236	–	4,158	4,158	27,078	–
<b>TOTAL</b>	–	<b>709,383</b>	–	<b>709,383</b>	–	<b>94,718</b>	<b>94,718</b>	<b>614,665</b>	–
PREVIOUS YEAR	–	–	–	–	–	–	–	–	–
<b>INTANGIBLE ASSETS</b>									
Intangible under development	–	389,999	–	389,999	–	–	–	389,999	–
<b>TOTAL</b>	–	<b>389,999</b>	–	<b>389,999</b>	–	–	–	<b>389,999</b>	–
PREVIOUS YEAR	–	–	–	–	–	–	–	–	–



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 <sup>st</sup> March, 2016 Rupees	As at 31 <sup>st</sup> March, 2015 Rupees		As at 31 <sup>st</sup> March, 2016 Rupees	As at 31 <sup>st</sup> March, 2015 Rupees
<b>8. Long Term loans &amp; advances</b>			<b>13. Other Current assets</b>		
<b>Unsecured, considered good</b>			TDS Receivable	374,838	458,196
Balance with government			Insurance Claim Receivable	468,900	–
authorities-Custom Revenue			Accrued Interest	42,989	331,435
Deposits	2,491,116	777,623	Prepaid Expenses	265,640	477,844
Deposit with others	1,000,000	700,000	Others	380,405	–
<b>TOTAL</b>	<b>3,491,116</b>	<b>1,477,623</b>	<b>TOTAL</b>	<b>1,532,772</b>	<b>1,267,475</b>
<b>9. Inventories</b>			<b>14. Revenue from operations</b>		
(At lower of cost and net realisable value)			Sale of Fruits	462,046,408	117,760,620
Closing stock - Apple	20,258,820	–	<b>TOTAL</b>	<b>462,046,408</b>	<b>117,760,620</b>
Closing stock - Banana	141,238	603,056	<b>15. Other income</b>		
Closing Stock - Imported Fruits	20,248,846	34,859,340	a) Interest Income		
Closing Stock - Packing material	2,306,381	964,465	Interest on deposits with banks	3,752,102	4,525,086
Stock-in-Transit	17,719,172	–	Other Interest	25,193	56,848
<b>TOTAL</b>	<b>60,674,457</b>	<b>36,426,861</b>	<b>TOTAL</b>	<b>3,777,295</b>	<b>4,581,934</b>
<b>10. Trade receivables (Unsecured)</b>			<b>16. Changes in inventories of stock-in-trade</b>		
(a) <b>Outstanding for a period exceeding six months from the date they are due for payment</b>			Opening Stock	35,462,396	–
(i) Considered good	8,268,950	–	Less: Closing Stock	58,368,075	35,462,396
(ii) Considered doubtful	1,889,493	–	<b>Change in Inventories</b>	<b>(22,905,679)</b>	<b>(35,462,396)</b>
Less: Provision for doubtful debts	(1,889,493)	–	<b>17. Employee benefits expense</b>		
<b>8,268,950</b>	<b>–</b>	<b>–</b>	Salaries and wages	21,810,552	6,901,130
(b) <b>Other trade receivables</b>			Contribution to provident and other funds	833,251	258,600
(i) Considered good	90,327,437	45,546,521	Staff welfare expense	282,079	45,649
(ii) Considered doubtful	255,707	–	<b>Total</b>	<b>22,925,882</b>	<b>7,205,379</b>
Less: Provision for doubtful debts	(255,707)	–	<b>18. Other expenses</b>		
<b>90,327,437</b>	<b>45,546,521</b>	<b>–</b>	Rent	2,660,122	90,379
<b>TOTAL</b>	<b>98,596,387</b>	<b>45,546,521</b>	Consumption of Packing Material	7,610,572	2,483,193
<b>11. Cash and cash equivalents</b>			Hire and Service Charges	4,970,852	–
Cash in hand	438,715	352,731	Rates and taxes	118,546	69,942
Balances with banks:			Communication expenses	418,452	88,269
– in current accounts	13,027,376	13,026,921	Travelling and conveyance expenses	3,787,055	1,386,912
– in deposit accounts with maturity of less than 12 months as at the balance sheet date	11,016,067	98,981,463	Legal and professional fees	10,533,335	4,269,322
<b>TOTAL</b>	<b>24,482,158</b>	<b>112,361,115</b>	Payments to Auditor	400,750	224,720
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i>	24,482,158	112,361,115	Repairs - others	158,711	15,535
<b>12. Short-term loans and advances</b>			Insurance	885,333	5,897
i) <b>Secured, considered good</b>	–	–	Printing and Stationery	300,887	105,114
ii) <b>Unsecured, considered good</b>			Postage & Courier	8,535	5,444
Staff Advance	320,122	96,457	Foreign exchange loss (net)	52,044	300,349
Advance to supplier	549,627	921,877	Business Promotion Expenses	131,906	86,880
<b>TOTAL</b>	<b>869,749</b>	<b>1,018,334</b>	Selling & Distribution	402,175	–
			Electricity	57,022	–
			Incorporation Expenses	–	1,041,220
			Provision for Doubtful Debts	2,145,200	–
			Miscellaneous expenses	423,169	1,623,337
			<b>Total</b>	<b>35,064,666</b>	<b>11,796,513</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 19. Corporate Information:

Mahindra Univeg Pvt. Ltd. is a Joint Venture company formed by Mahindra Agri Solutions Limited and Univeg BV with 60:40 sharing basis. It deals in sourcing, storing and distribution of fresh fruits. During this year company has started business of sourcing, storage and marketing of Domestic Apples.

### 20. Significant accounting policies:

#### (i) Basis of accounting

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

#### (ii) Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialise.

#### (iii) Revenue Recognition

Revenue from sales is recognised when the significant risks and rewards associated with ownership of goods are transferred to the buyers and no significant uncertainty exists as to the amount of consideration derived from the sales.

Interest income is recognised on time proportion basis.

#### (iv) Fixed Assets & Depreciation

All fixed assets are stated at their original cost of acquisition less accumulated depreciation. Depreciation is provided on straight-line method in the manner prescribed in Schedule II to the Companies Act, 2013.

#### (v) Inventories

Stock-in-trade comprising of goods purchased for resale and packing material is valued at the lower of cost and net realisable value. Cost includes all expenses incurred in bringing the goods to the point of sale.

#### (vi) Presentation and Disclosure of Financial Statements

Assets and Liabilities are classified as Current or Non-Current based on the company's normal operating cycle and as per the provisions of the Companies Act, 2013 and rules made thereunder. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of Assets & Liabilities.

#### (vii) Employee Benefits

##### A. Short term benefits:

Short term employee benefits including performance incentives are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

##### B. Long term benefits:

###### Defined Contribution Plan: Provident Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund, in which both employees and the Company makes monthly contribution at a specified percentage of the employees' eligible salary. Provident Fund is classified as Defined contribution plans as the Company has no further obligations beyond making the contribution.

The Company's contributions to Defined Contribution Plan are charged to Statement of Profit and Loss as incurred.

##### Defined Benefit Plan: Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an external actuarial valuation on Projected Unit Credit method carried out for assessing the liability as at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

##### Other Long term employee benefits: Compensated Absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

#### (viii) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

#### (ix) Taxation

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of Deferred Tax is reviewed at each Balance Sheet date.

#### (x) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

### 21. Employee Benefit Plans:

#### A. Defined Contribution Plan:

On account of defined contribution plans the Company's contribution to Provident Fund aggregating to Rs. 8,33,251/- (PY Rs. 2,58,600/-) has been recognized in Statement of Profit and Loss.

#### B. Defined Benefit Plan: Gratuity

Amount recognised in Balance Sheet

Particulars	(Rupees)	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Present Value of Funded Obligations	-	-
Fair Value of Plan Assets	-	-
Present Value of unfunded Obligations	4,99,234	4,43,664
Net Liability		
Amounts in the Balance Sheet		
Liabilities	4,99,234	4,43,664
Assets	-	-
Net Liability	4,99,234	4,43,664

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Expense recognised in the Statement of Profit and Loss

Particulars	(Rupees)	
	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
Current Service Cost	1,85,336	52,748
Interest on Defined Benefit Obligation	49,318	15,453
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) recognised in year	82,630	(10,692)
Past Service Cost	-	-
<b>Total expense, included in "Employee Benefits Expense"</b>	<b>3,17,284</b>	<b>57,509</b>

Change in Defined Benefit Obligation

Particulars	(Rupees)	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Opening Defined Benefit Obligation	4,43,664	-
Current Service Cost	1,85,336	52,748
Interest Cost	49,318	15,453
Actuarial Losses/(Gain)	82,630	(10,692)
Liabilities Assumed on acquisition/ Settled on Divestiture	-	3,86,155
Benefit Paid	(2,61,714)	-
<b>Closing Defined Benefit Obligation</b>	<b>4,99,234</b>	<b>4,43,664</b>

Change in Fair Value of Assets

Particulars	(Rupees)	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Opening Fair Value of Plan Assets	-	-
Contribution by Employer	2,61,714	-
Benefits Paid	(2,61,714)	-
Closing Fair Value of Plan Assets	-	-

Experience Adjustment

Particulars	(Rupees)	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Defined Benefit Obligation	4,99,234	4,43,664
Plan Assets	-	-
Surplus/(Deficit)	(4,99,234)	(4,43,664)
Exp. Adj on Plan Liabilities	30,684	(29,680)
Exp. Adj on Plan Assets	-	-

Financial Assumptions at the Valuation Date

Particulars	(Rupees)	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Discount Rate (p.a)	8.00%	7.90%
Expected Rate of return on Assets(p.a)	0.00%	0.00%
Salary Escalation Rate (p.a)	9.50%	8.00%

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## 22. Payments to the Auditors (including service tax):

Particulars	(Rupees)	
	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
For Statutory Audit	4,00,750	2,24,720
Other Services		
- Tax Audit Fees	1,43,125	-
- Transfer Pricing Audit	1,16,218	-
<b>Total</b>	<b>6,60,093</b>	<b>2,24,720</b>

## 23. Earnings Per Share:

Particulars	(Rupees)	
	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
a. Profit for the year attributable to equity shareholders	(1,88,92,844)	(37,60,875)
b. Weighted average number of Equity shares – Basic and Diluted	55,50,000	55,50,000
c. Nominal value of Equity share	10	10
d. Earnings per Share – Basic and Diluted	(3.40)	(0.68)

## 24. CIF Value of Imports:

Particulars	(Rupees)	
	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
Purchase of Goods for Trading	18,57,13,964	8,18,77,693

## 25. Expenditure in Foreign Currencies:

Particulars	(Rupees)	
	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
Professional Fee	29,16,098	27,89,082
Fixed Assets (Testing Meter)	60,839	-
Travelling	8,13,359	1,69,940

## 26. Related Party Disclosures:

## A. List of Related Parties and Relationships:

Name of the Related Parties where control exists	Relation
Mahindra Agri Solutions Limited	Holding Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra Logistics Limited	Fellow Subsidiary Company
Mahindra & Mahindra Limited	Ultimate Holding Company
Univeg BV	JV Partner
Univeg Trade Italia SRL	Fellow Subsidiary of JV Partner
Univeg Trade Poland	Fellow Subsidiary of JV Partner
Expofrut Argentine S.A.	Fellow Subsidiary of JV Partner
Mr. Sudipta Mukhopadhyay – CEO	Key Managerial Personnel
Mr. Avdesh Rathi – CFO (w.e.f. 1 <sup>st</sup> May, 2015)	Key Managerial Personnel
Rajesh Somani – Company Secretary	Key Managerial Personnel

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### B. Transactions with Mahindra Agri Solutions Ltd, Holding Company:

Sr. No.	Nature of Transaction	(Rupees)	
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
1.	Investment in Joint Venture	-	3,33,00,000
2.	Purchase of Fruits	25,94,627	-
3.	Reimbursement of Expenses	78,028	3,35,54,813
4.	Business Advance	-	(22,44,000)
5.	Deposit received for appointment of directors	2,00,000	-
6.	Deposit of Directors appointment return	(2,00,000)	-
7.	Reimbursement of Gratuity	(2,61,714)	-
8.	Interest Income	-	(56,848)
9.	Collection from Customers	(3,22,077)	(4,32,288)
<b>Closing Balance:</b>			
	Payables	15,543	Nil

### C. Transactions with Univeg BV, Joint Venture Partner and its fellow subsidiaries:

Sr. No.	Nature of Transaction	(Rupees)	
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
1.	Investment in Joint Venture	-	7,48,00,000
2.	Purchase of Fruits	16,48,54,981	8,18,77,693
3.	Purchase of Testing Meter	60,839	-
4.	Professional Fee & Reimbursement	32,51,561	32,89,082
<b>Closing Balance:</b>			
	Payables	7,30,43,580	7,70,14,336

### D. Transactions with Fellow subsidiaries:

Sr. No.	Nature of Transaction	(Rupees)	
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
1.	Expenses:		
(a)	Professional fees		
	- Mahindra Integrated Business Solutions Private Limited	16,60,671	2,47,305
(b.)	Freight expenses		
	- Mahindra Logistics Limited	46,62,299	77,076
2.	Closing Balance:		
	Payables		
	- Mahindra Integrated Business Solutions Private Limited	3,85,104	2,22,575
	- Mahindra Logistic Limited	5,39,686	77,076

### E. Transactions with Mahindra & Mahindra Ltd, Ultimate Holding Company:

Sr. No.	Nature of Transaction	(Rupees)	
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
1.	Canteen Expenses	69,000	-
2.	Personnel Cost	27,61,088	-
3.	Annual Conference Exp - HO	3,32,414	-
4.	Professional & Consultancy Charge	5,78,096	-
5.	Rent Charge	6,12,205	-
6.	SAP Development Charges	3,89,999	-
7.	Fruit Sale	(1,45,667)	-
<b>Closing Balance:</b>			
	Payables	39,30,533	Nil

### F. Remuneration to Key Managerial Personnel:

Sr. No.	Nature of Transaction	(Rupees)	
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
1.	Gross Salary as per Sec 17(1)		
	- Mr Sudipta Mukhopadhyay	44,58,848	14,23,179
	- Mr Avdhesh Rathi	23,28,489	-
	- Rajesh Somani	3,41,805 as retainer ship	57,933 as retainer ship
2.	Contribution to Provident Fund		
	- Mr Sudipta Mukhopadhyay	1,22,088	39,288
	- Mr Avdhesh Rathi	91,066	-
	- Rajesh Somani	-	-
<b>Total</b>		<b>73,42,296</b>	<b>15,20,400</b>

27. The Company has entered into a Joint Venture agreement with M/S Univeg BV. The Company has purchased fruits from its subsidiaries/associates as per details given below -

#### a) Univeg Trade Italia SRL -

Particulars	(Rupees)	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Total Imports	15,65,96,483	8,18,77,693
Less: Amount receivable	2,62,52,547	76,73,884
Net Purchases included in Purchase of Stock in Trade as per P&L A/c	13,03,43,936	7,42,03,809

#### b) Univeg Trade Poland -

Particulars	(Rupees)	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Total Imports	63,31,599	-
Less: Amount receivable	29,26,825	-
Net Purchases included in Purchase of Stock in Trade as per P&L A/c	34,04,774	-

#### c) Expofrut Argentina S.A. -

Particulars	(Rupees)	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Total Imports	19,26,899	-
Add: Amount payable	1,48,965	-
Net Purchases included in Purchase of Stock in Trade as per P&L A/c	20,75,864	-

### 28. Segment Reporting:

#### A. Primary Segment - Business Segment

The Company's business activity falls within a single business segment viz. 'trading in fruits'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

#### B. Secondary Segment - Geographical Segment

The Company is doing only domestic sale so there is no secondary segment report.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 29. Information for each class of goods traded during the year:

Particulars	(Rupees)			
	Purchases		Sales	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Grapes	88,17,264	99,80,467	1,30,08,578	71,90,000
Apple	29,14,00,415	9,58,10,801	29,95,75,799	7,44,30,570
Kiwi	2,17,41,664	1,47,10,758	2,04,25,568	1,60,14,105
Banana	7,12,26,283	1,77,81,972	8,32,15,622	2,01,25,945
Pears	1,74,97,568	-	1,84,22,957	-
Orange	1,90,62,461	42,79,936	2,50,21,684	-
Goods In Transit	1,68,43,172	-	-	-
Others	29,48,133	-	23,76,200	-
<b>Total</b>	<b>44,95,36,960</b>	<b>14,25,63,934</b>	<b>46,20,46,408</b>	<b>11,77,60,620</b>

Purchase Cost is inclusive of Fruit Cost, Custom Duty, Agency Charges, Service Provider Charges, Loading & Unloading Charges, Freight Charges,

APMC cost and other related charges which require to be done to bring the material till selling point.

## 30. Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Sr. No.	Particulars	(Rupees)	
		As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> Match, 2015
I	Dues remaining unpaid as at the year-end		
	Principal	88,568	-
	Interest	39,256	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

## 31. The Balances of Sundry creditors/Debtors and parties whom loans/advances have been given are subject to confirmation.

## 32. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached  
For **B. K. Khare & Co.**  
Chartered Accountants  
FRN: 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016

For **Mahindra Univeg Private Limited**

**Ashok Sharma**  
Chairman

**Vikram Puri**  
Director

**Sudipta Mukhopadhyay**  
Chief Executive Officer

**Rajesh Somani**  
Company Secretary

**Hein Deprez**  
Director

**Nikhil Sohoni**  
Director

**Avdesh Rathi**  
Chief Financial Officer

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Third Report together with the audited financial statements of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL RESULTS

	<b>(Rs. in lakhs)</b>	
	<b>For the Year ended 31<sup>st</sup> March, 2016</b>	For the Year ended 31 <sup>st</sup> March, 2015
Income	2,221.59	2,162.32
Total Expenditure	2,219.92	2,067.87
Profit before Taxation	1.67	94.45
Provision for Tax:		
Current Tax	0.25	32.17
Deferred Tax	(0.52)	(0.93)
Profit after Taxation	1.94	63.22
Balance of Profit/(Loss) from earlier years	56.38	(6.84)
Balance carried forward	58.32	56.38
Amount carried forward to Reserve	Nil	Nil
Networth	1,557.32	1,555.39

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

### OPERATIONS

During the year under review, the higher production of potatoes in Rabi 2015, led to weak demand and lower prices of seed potatoes than previous year. Consequently, while there was 15 % higher tonnage sold, the revenue was almost 40% lower than previous year till Q3, FY 16, at Rs. 1220 lakh.

The market bounced back in Q4 FY16, as market sentiment moved up on account of lower productions reported in West Bengal, which is second largest Potato producing state in India. With this opportunity, and coupled with the strength of company's brand and its product quality, drove the performance of Company which resulted in sales of Rs. 1,000 lakh in Q4, FY 16, and overall the Company achieved all time high revenues of Rs. 2,221 lakh.

Khet-Se-Kaliyan-Tak ("KSKT") initiatives adopted by the Company over the last few years, together has resulted in a strong bonding relationship with the farmers and led to significantly improved yields of marketable grades of seed potatoes per acre. Your Company has strengthened the unique Services model and also initiated building up trading skills for leveraging the opportunities in generic varieties.

Your Company has placed strict controls on the virus levels and is continuously being managed over the season. Consequently, there have been no quality issues in the current financial year.

Your Company has taken a big leap in Technology, with steps taken in building up Aeroponics Minituber and Tissue culture facility which will get operational in FY 17. Also your

Company proceeded to expand capacity of the Palampur facility by 100%. The investment in infrastructure will lead to 400% growth in Minituber delivery capacity, which will make the company future ready to achieve exponential growth in future years, as per business plan.

Your Company has effectively conducted the trials for the 18 varieties, whose germplasm was imported from JV Partner Company, to test the same for their potential under Indian agro climatic conditions. The decision for commercialization of some of the successful varieties will be taken in FY 17, in the first batch of 10 varieties for which the 3 year multi location trials have been completed. Also the Variety registration process under PVFPR (DUS test) has progressed satisfactorily, and as per plan, during FY16.

### DIVIDEND

Your Directors do not recommend any dividend for the year under review.

### SHARE CAPITAL

The authorized share capital of your Company as on 31<sup>st</sup> March, 2016 stood at Rs. 8,00,00,000 divided into 80,00,000 equity shares of Rs. 10/- each.

The paid-up share capital of your Company as on 31<sup>st</sup> March, 2016 stood at Rs. 7,89,00,000 divided into 78,90,000 equity shares of Rs. 10/- each.

During the year under review, your Company admitted the Equity Shares to the Depository System of National Securities Depository Limited (NSDL) to dematerialize share certificates of the shareholders of the Company who may wish to do so.

Your Company had appointed M/s. Sharepro Services India Pvt Ltd, Mumbai as its Registrar for the Depository Scheme.

## BOARD OF DIRECTORS

### COMPOSITION

The composition of the Board of Directors of the Company is as follows:-

Sr. No.	Directors	DIN	Category (Executive/ Non-executive)	Independent/Non Independent
1	Mr. Ashok Sharma, Chairman	02766679	Non-executive	Non Independent
2	Mr. S. Durgashankar	00044713	Non-executive	Non Independent
3	Mr. Vikram Puri	00234881	Non-executive	Non Independent
4	Mr. Verveld Hermanus	06951085	Non-executive	Non Independent
5	Mr. Backx Gerardus Francisco	06956234	Non-executive	Non Independent

Mr. Ashok Sharma (DIN:02766679) was appointed as the Chairman of the Board at the Board Meeting of the Company held on 20<sup>th</sup> January, 2016. He will preside over as the Chairman of the Board of Directors of the Company, until otherwise resolved.

Mr. S. Durgashankar (DIN:00044713) and Mr. Ashok Sharma (DIN:02766679) retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

### NUMBER OF MEETINGS

#### BOARD MEETINGS

The Board met 4 (four) times during the year under review, i.e. on 29<sup>th</sup> April, 2015, 21<sup>st</sup> July, 2015, 26<sup>th</sup> October, 2015 and 20<sup>th</sup> January, 2016. The gap between two consecutive Board Meetings did not exceed 120 days.

The attendance at the meetings of the Board was as under:-

Sr. No.	Name of Director	No of meetings attended out of four meetings
1	Mr. Ashok Sharma	4
2	Mr. Vikram Puri	4
3	Mr. S. Durgashankar	3
4	Mr. Verveld Hermanus	4
5	Mr. Backx G. Francisco	3

### GENERAL MEETINGS

The 2<sup>nd</sup> Annual general Meeting (AGM) of the Company was held on 29<sup>th</sup> April, 2015. The 6<sup>th</sup> Extra Ordinary General Meeting was held on 27<sup>th</sup> October, 2015.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from the operating management, and after due enquiry, confirm that:

- in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March, 2016 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

- 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 at the end of the financial year on 31<sup>st</sup> March, 2016 and of the profit of the Company for the financial year ended on that date;
- they have taken proper and sufficient care 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;
- they have prepared the annual accounts on a going concern basis; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### KEY MANAGERIAL PERSONS

Mr. Davinder Singh who was appointed with effect from 10<sup>th</sup> November, 2014 continues as a Chief Executive Officer of the Company.

Mr. Kuldeep Singh was appointed as a Chief Financial Officer of the Company with effect from 21<sup>st</sup> July, 2015.

Ms. Ami Mehta who was appointed as a Company Secretary of the Company with effect from 10<sup>th</sup> November, 2014 tendered her resignation on 19<sup>th</sup> November, 2015.

Ms. Vibha Swaminathan was appointed as a Company Secretary of the Company with effect from 20<sup>th</sup> January, 2016.

### RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

### STATUTORY AUDITORS

At the Extra Ordinary General Meeting of the Company held on 10<sup>th</sup> November, 2014, M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, (ICAI Registration Number - 105102W) were appointed as the Statutory Auditors of your Company to hold office till the conclusion of 6<sup>th</sup> Annual General Meeting (i.e. financial year 2018-19).

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI Registration Number 105102W) have expressed their willingness to act as the Auditors of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Members have been requested to ratify the appointment of the Statutory Auditors of the Company and fix their remuneration at the ensuing Annual General Meeting for the Financial Year 2016-17.

The Auditors' Report does not contain any disqualification, reservation or adverse remark.

The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

#### **REPORTING OF FRAUDS**

During the year under review, the Statutory Auditors, have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure I** and form part of this report.

#### **PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES**

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

#### **PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS**

Your Company has not accepted any deposits from the public, or its employees, during the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

Your Company has not made any loans, investments and guarantees during the year under review which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, as applicable to the parent Company Mahindra and Mahindra Limited.

#### **INTERNAL FINANCIAL CONTROLS**

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the financial statements and these controls are adequate.

#### **PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES**

Particulars of material contracts or arrangements with related parties referred to in Sub section 1 of Section 188 of the Companies Act, 2013 are given in the prescribed AOC – 2 as **Annexure II** and the same forms part of this report.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31<sup>st</sup> March 2016 in form MGT-9 is annexed as **Annexure III** and forms part of this report.

#### **POLICY ON PREVENTION OF SEXUAL HARASSMENT**

During the year under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

#### **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).

#### **ACKNOWLEDGEMENTS**

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

**For and on behalf of the Board**

**Ashok Sharma**

Chairman  
(DIN:02766679)

**Vikram Puri**

Director  
(DIN:00234881)

Mumbai, 25<sup>th</sup> April, 2016



## ANNEXURE I TO THE DIRECTORS' REPORT

### PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.

#### A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: Nil
- (b) the steps taken by the company for utilizing alternate sources of energy: Nil
- (c) the capital investment on energy conservation equipment: Nil

The operations of your Company are not energy-intensive. However, adequate measures like not switching on the electric lights during day time have been initiated to reduce energy consumption.

There is no capital investment on energy conservation equipment during the year.

#### B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption:- Nil
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution:- Nil
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):- Nil
  - (a) the details of technology imported:- Nil
  - (b) the year of import:- Nil
  - (c) whether the technology been fully absorbed:- Nil
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:- Nil
- iv. the expenditure incurred on Research and Development:- Nil

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

	(Rupees in Lakhs)	
	<b>For the Financial Year Ended 31<sup>st</sup> March, 2016</b>	For the Financial Year ended 31 <sup>st</sup> March, 2015
Total Foreign Exchange Earned	<b>NIL</b>	NIL
Total Foreign Exchange Used	<b>12.79</b>	4.37

**For and on behalf of the Board**

**Ashok Sharma**  
Chairman  
(DIN:02766679)

**Vikram Puri**  
Director  
(DIN:00234881)

Mumbai, 25<sup>th</sup> April, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT

### AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis - Nil**

**2. Details of contracts or arrangements or transactions at Arm's length basis.**

Sr. No.	Names(s) of Related Party & nature of relationship	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1.	Mahindra & Mahindra Limited. Ultimate Holding Company	Deputation Charges	2015-16	Deputation charges of personnel (Rs. 48,50,750)	N. A.	NIL
2.	Mahindra & Mahindra Limited. Ultimate Holding Company	Professional Services	2015-16	Corporate Secretarial Services and other IT allocation (Rs. 14,57,230/-)	N. A.	NIL
3.	Mahindra & Mahindra Limited. Ultimate Holding Company	Reimbursement of Expenses	2015-16	Annual conference charges (Rs. 241,918/-)	N. A.	NIL
4.	Mahindra & Mahindra Limited. Ultimate Holding Company	Vehicle purchase	2015-16	Vehicle Purchase (Rs. Nil/-)	N. A.	Rs. 27,24,261
5.	Mahindra & Mahindra Limited. Ultimate Holding Company	Reimbursement of Expenses	2015-16	Other expenses (Rs. 3,06,148/-)	N. A.	NIL
6.	Mahindra Integrated Business Solutions Pvt. Ltd. Fellow Subsidiary	Payroll processing	2015-16	Payroll processing (Rs. 1,09,721/-)	N. A.	NIL
7.	HZPC Holland B.V Joint Venture Partner	Professional Services	2015-16	Professional Services (Rs. 9,04,861/-)	N. A.	NIL
8.	HZPC Holland B.V Joint Venture Partner	Commission paid	2015-16	Commission paid (Rs. 1,12,880/-)	N. A.	NIL
9.	Swaraj Engines Limited Associate of Holding Company	Lease Rent	2015-16	Lease Rent (Rs. 64,922/-)	N. A.	NIL
10.	Swaraj Engines Limited Associate of Holding Company	Electricity charges paid	2015-16	Rent (Rs. 41,280/-)	N. A.	NIL

**For and on behalf of the Board**

**Ashok Sharma**  
Chairman  
(DIN:02766679)

**Vikram Puri**  
Director  
(DIN:00234881)

Mumbai, 25<sup>th</sup> April, 2016

## ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

**Extract of Annual Return  
as on the financial year ended on 31<sup>st</sup> March, 2016**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

1.	<b>CIN</b>	U01403MH2013PTC242474
2.	<b>Registration Date</b>	25 <sup>th</sup> April, 2013
3.	<b>Name of the Company</b>	Mahindra HZPC Private Limited
4.	<b>Category/Sub-Category of the Company</b>	Public Limited Company
5.	<b>Address of Registered office and contact details</b>	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018, Tel: 022-24906683
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Nil

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of Main Products/Services	NIC Code of the Product	% to total turnover of the Company
1.	trading in seed potatoes	01135	98.80

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Holding Company	60%	2(46)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i. Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>1. Indian</b>	-	-	-	-	-	-	-	-	-
a. Individual/HUF	-	1	1	-	-	1	1	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	47,29,999	47,29,999	59.95	47,29,999	-	47,29,999	59.95%	-
e. Banks/FI	-	-	-	-	-	-	-	-	-
f. Any other	-	-	-	-	-	-	-	-	-
Sub-Total -(A)-(1)	-	-	-	-	-	-	-	-	-
<b>2. Foreign</b>	-	-	-	-	-	-	-	-	-
a. NRIs-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	31,60,000	31,60,000	40.05	-	31,60,000	31,60,000	40.05%	-
d. Banks/FI	-	-	-	-	-	-	-	-	-
e. Any others	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
<b>Total Share Holder of Promoters (1+2)</b>	-	78,90,000	78,90,000	100	47,29,999	31,60,001	78,90,000	100%	-

MAHINDRA HZPC PRIVATE LIMITED  
(FORMERLY KNOWN AS MAHINDRA INVESTMENTS (INTERNATIONAL) PRIVATE LIMITED)

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>B. Public Shareholding</b>									
<b>1. Institution</b>	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Banks/FI	-	-	-	-	-	-	-	-	-
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
<b>2. Non-Institution</b>	-	-	-	-	-	-	-	-	-
a. Body corp.	-	-	-	-	-	-	-	-	-
b. Individuals	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
Sub-total-(B)(2)	-	-	-	-	-	-	-	-	-
<b>Net Total (1+2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>78,90,000</b>	<b>78,90,000</b>	<b>100</b>	<b>47,29,999</b>	<b>31,60,001</b>	<b>78,90,000</b>	<b>100%</b>	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year*
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Mahindra and Mahindra Limited	47,29,999	59.95%	-	47,29,999	59.95%	-	0
2.	Participatie Maatschappij Buitenland B.V	31,60,000	40.05%	-	31,60,000	40.05%	-	-
3.	Mr Narayan Shankar (Nominee of Mahindra and Mahindra Limited)	1	-	-	1	-	-	-

iii. Change in Promoters' Shareholding : Nil

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil
2.	–	–	–	–	–
3.	–	–	–	–	–

**v. Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. In Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2015</b>	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
<b>Total of (1+2+3)</b>	–	–	–	–
<b>Change in Indebtedness during the financial year</b>	–	–	–	–
+ Addition	160.99	–	–	160.99
– Reduction	–	–	–	–
Net change	–	–	–	–
<b>Indebtedness at the end of the financial year-31.03.2016</b>	–	–	–	–
1) Principal Amount	160.99	–	–	160.99
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
<b>Total of (1+2+3)</b>	<b>160.99</b>	–	–	<b>160.99</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. In Lacs)
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of profit			
	– Others, specify			
5.	Others, please specify Provident Fund & other Funds	–	–	–
	Performance Bonus	–	–	–
	<b>Total (A)</b>	–	–	–
	Ceiling as per the Act	5% of the net profits of the Company		

**B. Remuneration to other directors:**

**I. Independent Directors:**

Particulars of Remuneration	Name of Directors					Total Amount (Rs. In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total (1)</b>	-	-	-	-	-	-

**II. Other Non-Executive Directors:**

Other Non-Executive Directors							Total Amount (Rs. In Lacs)
Fees for attending board/committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total (2)</b>							
<b>Total (B) = (1 + 2)</b>							
Ceiling as per the Act	1% of the Net profits of the Company						

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:**

Sr. No.	Particulars of Remuneration	Mr. Davinder Singh, CEO	Mr. Kuldeep Singh, CFO (From 21 <sup>st</sup> July, 2015)	Ms. Vibha Swaminathan, CS (From 20 <sup>th</sup> January, 2015)	Ms. Ami Mehta, CS (From 1 <sup>st</sup> April, 2015 to 19 <sup>th</sup> November, 2015)	Total Amount (Rupees)
1.	Gross Salary	4,020,614	2,952,448	-	-	6,973,062
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- As % of profit	-	-	-	-	-
	- Others, specify	-	-	-	-	-
5.	Others, please specify Contribution to Provident Fund	-	-	-	-	-
	Performance Bonus	-	-	-	-	-
	Others	-	-	21,785	58,080	79,865
	<b>Total (C)</b>	4,020,614	2,952,448	21,785	58,080	7,052,927

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None**

For and on behalf of the Board

**Ashok Sharma**

Chairman

(DIN:02766679)

**Vikram Puri**

Director

(DIN:00234881)

Mumbai, 25<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA HZPC PRIVATE LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra HZPC Private Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record

by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure II**'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number: 105102W

**Padmini Khare Kaicker**  
Partner

Mumbai, 25<sup>th</sup> April, 2016

Membership Number: 044784



## ANNEXURE "I" TO THE INDEPENDENT AUDITOR'S REPORT

### (Referred to in paragraph 9 under 'Report on others Legal and Regulatory Requirements' of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.  
(c) Title deed of the land acquired during the year is held in the name of the company.
2. The inventory has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
4. The Company has not granted any loans or made investments, or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 and the Rules framed thereunder to the extent notified.
6. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.  
(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service – tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
9. The Company has not raised any money from initial public offer or further offer (including debt instruments) and term loans during the year.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has not paid/provided managerial remuneration.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the said Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
16. The company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number: 105102W

**Padmini Khare Kaicker**  
Partner  
Membership Number: 044784

Mumbai, 25<sup>th</sup> April, 2016

## ANNEXURE “II” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 9 under ‘Report on others Legal and Regulatory Requirements’ of our report of even date)

### Report on the Internal Financial Control Over Financial Reporting under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial control over financial reporting of **Mahindra HZPC Private Limited** (“the company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India” These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conduct our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standard on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial control over financial reporting include obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures Selected depends on the auditor’s judgement, include the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company’s internal financial controls over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial control over financial reporting is a process design to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility if collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm’s Registration Number: 105102W

**Padmini Khare Kaicker**

Partner  
Membership Number: 044784

Mumbai, 25<sup>th</sup> April, 2016

## BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note No.	As at March 31, 2016 (In Rupees)	As at March 31, 2015 (In Rupees)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share capital	3	78,900,000	78,900,000
(b) Reserves & Surplus	4	76,832,060	76,638,545
		<u>155,732,060</u>	<u>155,538,545</u>
<b>(2) Non-Current liabilities</b>			
(a) Long-term provisions	5	1,166,216	648,046
		<u>1,166,216</u>	<u>648,046</u>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	6	16,099,339	-
(b) Trade payables	7	62,419,738	42,580,751
(c) Other current liabilities	8	29,756,433	28,931,209
(d) Short-term provisions	9	98,960	55,962
		<u>108,374,470</u>	<u>71,567,922</u>
<b>Total</b>		<u><u>265,272,747</u></u>	<u><u>227,754,513</u></u>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
Tangible assets	10	40,001,192	7,261,334
(b) Capital Work in Progress	11	46,192,371	-
(c) Deferred Tax Assets	12	145,204	93,352
		<u>86,338,766</u>	<u>7,354,685</u>
<b>(2) Current assets</b>			
(a) Inventories	13	107,914,948	72,653,962
(b) Trade receivables	14	57,971,683	9,077,577
(c) Cash and cash equivalents	15	4,532,534	134,837,487
(d) Short term loans and advances	16	8,458,261	3,612,847
(e) Other current assets	17	56,554	217,954
		<u>178,933,980</u>	<u>220,399,827</u>
<b>Total</b>		<u><u>265,272,747</u></u>	<u><u>227,754,513</u></u>

See accompanying notes forming part of Financial Statements

As per our Report of even date

For **B. K. Khare & Co.**

Chartered Accountants  
Firm Regn. No. : 105102W

**Padmini Khare Kaicker**

Partner

Membership No. : 44784

Mumbai, 25<sup>th</sup> April, 2016

For **Mahindra HZPC Private Limited**

(Formerly known as Mahindra Investments (International) Private Limited)

Ashok Sharma

Davinder Singh  
Kuldeep Singh

Vikram Puri  
Verveld Herman  
Backx Gerard

Mohali, 25<sup>th</sup> April, 2016

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Note No.	For the year ended March 31, 2016 (Indian Rupees)	For the year ended March 31, 2015 (Indian Rupees)
I. Revenue from operations	18	219,559,544	211,290,277
II. Other income	19	2,599,327	4,941,999
<b>III. Total Revenue (I+II)</b>		<b>222,158,870</b>	<b>216,232,276</b>
<b>IV. EXPENDITURE</b>			
Purchase of stock in trade	20	194,283,678	168,129,121
Changes in inventories of stock-in-trade	21	(35,124,034)	(15,430,089)
Cost of packing material consumed	22	4,025,693	5,185,679
Employee benefits expenses	23	11,367,271	14,181,344
Finance costs	24	11,065	621,307
Depreciation and amortisation expenses	9	999,850	332,945
Other expenses	25	46,428,683	33,766,460
<b>Total expenses</b>		<b>221,992,206</b>	<b>206,786,767</b>
<b>V. Profit/(Loss) before tax (III-IV)</b>		<b>166,664</b>	<b>9,445,509</b>
<b>VI. Tax expense</b>			
Current tax expenses		25,000	3,216,561
Deferred Tax		(51,852)	(93,352)
<b>VII. Profit/(Loss) for the year (V-VI)</b>		<b>193,515</b>	<b>6,322,300</b>
<b>VIII. Earnings per equity share:</b>			
Basic and diluted earnings per equity share of Rs. 10 each	26	0.02	1.42

See accompanying notes forming part of Financial Statements

As per our Report of even date  
For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Regn. No. : 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No. : 44784

**Mumbai, 25<sup>th</sup> April, 2016**

For **Mahindra HZPC Private Limited**  
(Formerly known as Mahindra Investments (International) Private Limited)

Ashok Sharma  
Davinder Singh  
Kuldeep Singh  
Vikram Puri  
Verveld Herman  
Backx Gerard

**Mohali, 25<sup>th</sup> April, 2016**

## CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2016

Particulars	For the year ended March 31, 2016 (Indian Rupees)	For the year ended March 31, 2015 (Indian Rupees)
<b>A. Cash flow from operating activities:</b>		
Net profit before tax	166,664	9,445,509
Adjustments for :		
Depreciation and Amortisation	999,850	332,945
Interest Received (Net of Interest Paid)	(2,489,205)	(4,320,692)
Provision for doubtful advances	-	182,871
Add: other non cash expenses	16,326,512	17,332,800
<b>Operating profit before working capital changes</b>	<b>15,003,821</b>	<b>22,973,433</b>
(Increase)/decrease in trade receivables	(48,894,106)	(9,077,577)
(Increase)/decrease in inventories	(35,260,985)	(16,747,036)
(Increase)/decrease in loans and advances and other assets	(4,684,014)	(3,232,094)
Increase/(decrease) in trade payables, other liabilities and provisions	4,898,868	(2,923,603)
	<b>(83,940,238)</b>	<b>(31,980,310)</b>
<b>Cash generated from/(used in) operations</b>	<b>(68,936,417)</b>	<b>(9,006,878)</b>
Income tax paid (net of refund)	(25,000)	(3,998,139)
<b>Net Cash Generated/(used) in Operating Activities</b>	<b>(68,961,417)</b>	<b>(13,005,017)</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(79,932,078)	(5,965,682)
Proceeds from sale of fixed assets	-	7,650
<b>Net cash flow used in investing activities</b>	<b>(79,932,078)</b>	<b>(5,958,032)</b>
<b>C. Cash flow from financing activities:</b>		
Increase/(decrease) in short term borrowings	16,099,339	-
Increase in share Capital	-	149,400,000
Interest Received (Net of Interest Paid)	2,489,205	4,320,692
<b>Net Cash (used)/Generated from Financing Activities</b>	<b>18,588,543</b>	<b>153,720,692</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(130,304,952)</b>	<b>134,757,644</b>
Cash and cash equivalents at the beginning of the year	134,837,487	79,843
Cash and cash equivalents at the end of the year	4,532,534	134,837,487
<b>Cash and cash equivalents as per Note 17</b>	<b>4,532,534</b>	<b>134,837,487</b>

Notes :-

1. The Cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2. Components of Cash and Cash equivalents for the purpose of cash flow comprise cash in hand and bank balances in current account and fixed deposit accounts inclusive of Fixed Deposit for more than 12 months Rs. 3,00,000 (Previous Year 400,000).
3. Previous year figures have been regrouped/rearranged, wherever necessary.

See accompanying notes forming part of the Financial Statements

As per our Report of even date

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Regn. No. : 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No. : 44784

Mumbai, 25<sup>th</sup> April, 2016

For **Mahindra HZPC Private Limited**

(Formerly known as Mahindra Investments (International) Private Limited

Ashok Sharma

Davinder Singh  
Kuldeep Singh

Vikram Puri  
Verveld Herman  
Backx Gerard

Mohali, 25<sup>th</sup> April, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Corporate Information:

Mahindra HZPC Private Limited (Joint Venture with HZPC) is engaged in the business of contract growing, corporate farming, wholesale, retail trading of potato seeds, minitubers, table potato and processing potato, tissue culture plants and services.

### 2. Significant Accounting Policies:

#### (i) Basis of accounting policies

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### (ii) Operating Cycle

Assets and Liabilities are classified as Current or Non – Current as per the provisions of the Schedule III notified under the Companies Act, 2013 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non – Current classification of Assets & Liabilities.

#### (iii) Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialize.

#### (iv) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

#### (v) Revenue Recognition

Revenue from sale of goods are recognised when the title to the products is transferred to the buyer and are net of sales returns.

Revenue is recognised when no significant uncertainty as to collectability or realisability exists.

Interest income is recognised on Accrual basis.

#### (vi) Fixed Assets & Depreciation

All fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any other attributable costs of bringing the assets to its working condition for its intended use.

Depreciation is provided on straight-line method at the rates and in the manner specified in Part C of Schedule II to the Companies Act, 2013.

#### (vii) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

#### (viii) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

#### (ix) Inventories:

Stock-in-trade and packing materials are valued at the lower of cost and net realisable value. Cost includes all expenses incurred for bringing the goods to the point of sale.

#### (x) Employee Benefits

##### A. Short term benefits:

Short term employee benefits including performance incentives are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

##### B. Long term benefits:

###### Defined Contribution Plan: Provident Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund, in which both employees and the Company makes monthly contribution at a specified percentage of the employees' eligible salary. Provident Fund is classified as Defined contribution plans as the Company has no further obligations beyond making the contribution.

The Company's contributions to Defined Contribution Plan are charged to Statement of Profit and Loss as incurred.

###### Defined Benefit Plan: Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The cost of providing benefits is determined using Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

###### Other Long term employee benefits: Compensated Absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

#### (xi) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

#### (xii) Borrowing Cost

Borrowing costs, if any, that are attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. A qualifying asset is the one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

#### (xiii) Taxation

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

Minimum Alternate Tax (MAT) credit assets is recognized only when and to the extent there is convincing evidence that the Company will pay normal income – tax during the specified period. The carrying amount of MAT credit assets is reviewed at each Balance Sheet date.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rate and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

### (xiv) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

### 3. Share Capital

	As at March 31, 2016 (Indian Rupees)	As at March 31, 2015 (Indian Rupees)
<b>Authorized</b>		
8,000,000 (as at March 31, 2016 : 8,000,000) equity shares of Rs. 10 each with voting rights	<b>80,000,000</b>	80,000,000
	<b>80,000,000</b>	<b>80,000,000</b>
<b>Issued, subscribed and fully paid up</b>		
7,890,000 (as at March 31, 2015 : 7,890,000) equity shares of Rs. 10 each with voting rights	<b>78,900,000</b>	78,900,000
	<b>78,900,000</b>	<b>78,900,000</b>

#### (a) Shares held by holding company and its subsidiary:

	March 31, 2016 No. of shares	March 31, 2015 No. of shares
I. Mahindra & Mahindra Limited, Holding Company	<b>4,730,000</b>	4,730,000

#### (b) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of shareholders	March 31, 2016		March 31, 2015	
	No. of shares	% of Holding	No. of shares	% of Holding
Mahindra & Mahindra Limited	<b>4,730,000</b>	<b>59.95%</b>	4,730,000	59.95%
PMB BV	<b>3,160,000</b>	<b>40.05%</b>	3,160,000	40.05%
<b>Total</b>	<b>7,890,000</b>	<b>100.00%</b>	<b>7,890,000</b>	<b>100.00%</b>

### 4 Reserves & Surplus

	As at March 31, 2016 (Indian Rupees)	As at March 31, 2015 (Indian Rupees)
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Opening Balance	<b>5,638,545</b>	(683,755)
Add: Profit for the year	<b>193,515</b>	6,322,300
	<b>5,832,060</b>	<b>5,638,545</b>
Opening Balance of Share Premium	<b>71,000,000</b>	–
Add: Share Premium	–	71,000,000
Closing balance	<b>71,000,000</b>	<b>71,000,000</b>
<b>Total</b>	<b>76,832,060</b>	<b>76,638,545</b>

### 5. Long-term Provisions

Provision for employee benefits		
– Compensated absences	<b>743,466</b>	347,698
– Gratuity	<b>422,750</b>	300,348
<b>Total</b>	<b>1,166,216</b>	<b>648,046</b>

### 6. Short term Borrowings From Banks (secured)

– Cash Credit (refer Notes below)	<b>16,099,339</b>	
<b>Total</b>	<b>16,099,339</b>	–

### Notes

- I. Cash credit facilities secured by creating a charge on inventory and debtors.
- II. There are no defaults as on the Balance Sheet date in repayment of loans and interests.

### 7. Trade Payables

Trade payables:		
– Payable to farmers	<b>62,419,738</b>	42,520,451
– Others (Inter Unit Accounts)	–	60,300
<b>Total</b>	<b>62,419,738</b>	<b>42,580,751</b>

### 8. Other Current Liabilities

Other payables		
Payables to statutory authorities (includes statutory dues such as TDS, PF, ESIC, etc.)	<b>2,505,670</b>	843,241
Trade deposits	<b>310,081</b>	294,034
Advance received from customers	<b>9,761,567</b>	10,004,658
Others	<b>17,179,116</b>	17,789,276
<b>Total</b>	<b>29,756,433</b>	<b>28,931,209</b>

### 9. Short-term Provisions

Provision for employee benefits		
– Compensated absences	<b>90,568</b>	46,121
– Gratuity	<b>8,392</b>	9,841
<b>Total</b>	<b>98,960</b>	<b>55,962</b>

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

### 10. Fixed assets

	Gross block				Accumulated depreciation				Net block	
	As at 1 <sup>st</sup> April, 2015	Additions during the year	Disposals	Balance as at March 31, 2016	As at April 01, 2015	For the year	on Disposals	Balance as at March 31, 2016	As at March 31, 2016	As at 31st March, 2015
<b>Tangible Assets</b>										
Land	–	32,177,030	–	32,177,030	–	–	–	–	32,177,030	–
	–	–	–	–	–	–	–	–	–	–
Plant and machinery	1,287,773	351,216	–	1,638,989	84,727	93,752	–	178,478	1,460,511	1,203,046
	(1,237,992)	(57,882)	(8,101)	(1,287,773)	(162)	(84,756)	(191)	(84,727)	(1,203,046)	–
Furniture and fixtures	97,674	127,906	–	225,580	9,296	9,304	–	18,600	206,980	88,378
	(97,674)	–	–	(97,674)	(17)	(9,279)	–	(9,296)	(88,378)	–
Vehicles	5,908,060	726,014	–	6,634,074	146,721	754,132	–	900,853	5,733,221	5,761,339
	–	(5,908,060)	–	(5,908,060)	–	(146,721)	–	(146,721)	(5,761,339)	–
Office equipment	24,458	14,641	–	39,099	4,650	13,114	–	17,764	21,335	19,808
	(24,458)	–	–	(24,458)	(3)	(4,647)	–	(4,650)	(19,808)	–
Computers	276,421	342,900	–	619,321	87,658	129,548	–	217,206	402,115	188,763
	(276,421)	–	–	(276,421)	(116)	(87,542)	–	(87,658)	(188,763)	–
<b>TOTAL</b>	<b>7,594,386</b>	<b>33,739,707</b>	<b>–</b>	<b>41,334,093</b>	<b>333,052</b>	<b>999,850</b>	<b>–</b>	<b>1,332,901</b>	<b>40,001,192</b>	<b>7,261,334</b>
Previous year	(1,636,545)	(5,965,942)	(8,101)	(7,594,386)	(298)	(332,945)	(191)	(333,052)	(7,261,334)	–

(Previous Year's Balances shown in Bracket)

	As at March 31, 2016 (Indian Rupees)	As at March 31, 2015 (Indian Rupees)		As at March 31, 2016 (Indian Rupees)	As at March 31, 2015 (Indian Rupees)
<b>11. Capital Work in Progress</b>			<b>15. Cash and Cash Equivalents</b>		
Tissue culture facility	45,831,048	–	Cash in hand	227	1,382
Computer software	361,323	–	Balances with banks:		
	<u>46,192,371</u>	<u>–</u>	– in current accounts	32,053	22,101,488
			Fixed Deposit with Bank * **	4,500,255	112,734,617
			<b>Total</b>	<u>4,532,534</u>	<u>134,837,487</u>
<b>12. Non Current Assets</b>			* includes Fixed Deposits of Rs. 6,00,000 (as at March 31, 2015 : Rs. 600,000) pledged against guarantees given by bank		
Deferred Tax Assets	145,204	93,352	**includes Fixed Deposit Maturing after 12 months for Rs. 3,00,000 (as at March 31, 2015 : Rs. 400,000)		
	<u>145,204</u>	<u>93,352</u>			
<b>13. Inventories</b>			<b>16. Short-term Loans and Advances</b>		
(At lower of cost and net realisable value)			<b>Unsecured, considered good</b>		
Closing Inventory	107,914,948	72,653,962	Staff advances	128,166	23,687
	<u>107,914,948</u>	<u>72,653,962</u>	Security deposits	487,850	–
<b>Total</b>	<u>107,914,948</u>	<u>72,653,962</u>	Prepaid expenses	448,192	22,453
			Advance Income Tax	1,003,742	781,578
			(net of provision for Income Tax of Rs. 3,241,561 (previous year Rs. 3,216,561))		
<b>14. Trade Receivables (Unsecured)</b>			Advances to suppliers	5,196,407	2,785,129
<b>Other trade receivables</b>			Capital advances	1,193,904	–
Considered good	57,971,683	9,077,577	Advances to Suppliers Considered doubtful	83,814	182,871
	<u>57,971,683</u>	<u>9,077,577</u>	Less: Provision for doubtful debts	(83,814)	(182,871)
				<u>8,458,261</u>	<u>3,612,847</u>



MAHINDRA HZPC PRIVATE LIMITED  
(FORMERLY KNOWN AS MAHINDRA INVESTMENTS (INTERNATIONAL) PRIVATE LIMITED)

	For the year ended March 31, 2016 (Indian Rupees)	For the year ended March 31, 2015 (Indian Rupees)		For the year ended March 31, 2016 (Indian Rupees)	For the year ended March 31, 2015 (Indian Rupees)
<b>17. Other Current Assets</b>			<b>25. Other Expenses</b>		
Balances with statutory authorities	39,000	-	Cold store charges	12,630,742	7,161,969
Interest accrued on fixed deposits	17,554	217,954	Business promotion expenses	267,027	1,643,765
	56,554	217,954	Freight outward	12,360,820	14,255,453
<b>18 Revenue from Operations</b>			Travelling & Local conveyance expenses	4,274,638	3,151,470
Sale of Goods	218,138,750	210,222,720	Legal & professional charges	2,550,146	1,414,744
Other Operating Revenue	1,420,794	1,067,557	Manpower charges	6,029,611	2,074,683
<b>Total</b>	219,559,544	211,290,277	License & registration charges	-	1,500,000
<b>19. Other Income</b>			Audit fees	400,750	280,900
Interest on deposits with banks	2,500,270	4,941,999	Bank charges	6,701	118,820
Other non-operating income	99,057	-	Repairs & maintenance	127,297	150,484
<b>Total</b>	2,599,327	4,941,999	Loss of stock	5,224,096	-
<b>20. Purchases of Stock in Trade</b>	194,283,678	168,129,121	Provision for doubtful advances	-	182,871
	194,283,678	168,129,121	Mobile and communication expenses	408,784	233,711
<b>21. Changes in Inventories of Stock-in-trade</b>			Miscellaneous expenses	2,148,071	1,597,590
Opening stock-in-trade	71,337,016	55,906,927	<b>Total</b>	46,428,683	33,766,460
Less: Closing stock-in-trade	106,461,050	71,337,016	<b>26. Earnings Per Share</b>		
<b>Total</b>	(35,124,034)	(15,430,089)	a. Profit for the year attributable to equity shareholders	193,515	6,322,300
<b>22. Packing Material Consumed</b>			b. Weighted average number of Equity Shares - Basic and Diluted	7,890,000	4,460,740
Opening stock of packing material	1,316,946	-	c. Nominal value of Equity Share in INR	10	10
Add: Purchase of packing material	4,162,645	6,502,625	d. Earnings per Share - Basic and Diluted	0.02	1.42
Less: Closing stock of packing material	1,453,897	1,316,946	<b>27. Employee Benefit Plans:</b>		
<b>Total</b>	4,025,693	5,185,679	<b>A. Defined Contribution Plan:</b>		
<b>23. Employee Benefits Expense</b>			On account of defined contribution plans the Company's contribution to Provident Fund aggregating to Rs 5,40,798/- (For the year ended 31 <sup>st</sup> March, 2015: Rs 2,58,163 ) has been recognised in Statement of Profit and Loss.		
Salaries and wages	10,254,959	12,967,211	<b>B. Defined Benefit Plan: Gratuity (Funded)</b>		
Contribution to provident and other funds	835,511	962,171	Amount recognised in Balance Sheet		(Indian Rupees)
Staff welfare expense	276,801	251,962	<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>
<b>Total</b>	11,367,271	14,181,344	Present Value of Funded Obligations	Nil	Nil
<b>24. Finance Costs</b>			Fair Value of Plan Assets	Nil	Nil
Interest expenses on:			<b>Net Liability</b>	431,142	310,189
borrowings	11,065	621,307	Amounts in the Balance Sheet		
<b>Total</b>	11,065	621,307	Liabilities	431,142	310,189
			Assets	Nil	Nil
			<b>Net Liability</b>	431,142	310,189

MAHINDRA HZPC PRIVATE LIMITED  
(FORMERLY KNOWN AS MAHINDRA INVESTMENTS (INTERNATIONAL) PRIVATE LIMITED)

Expense recognised in the Statement of Profit and Loss (Indian Rupees)

Particulars	Year Ended 31 <sup>st</sup> March, 2015	Year Ended 31 <sup>st</sup> March, 2014
Current Service Cost	121,210	54,257
Interest on Defined Benefit Obligation	33,692	16,602
Expected Return on Plan Assets	Nil	Nil
Net Actuarial Losses/(Gains) recognised in year	(33,949)	68,734
Past Service Cost	Nil	Nil
<b>Total expense, included in "Employee Benefits Expense"</b>	<b>1,20,953</b>	<b>1,39,593</b>

Reconciliation of Defined Benefit Obligations (Indian Rupees)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	310,189	Nil
Current Service Cost	121,210	54,257
Interest Cost	33,692	16,602
Actuarial Losses/(Gain)	(33,949)	68,734
Past Service Cost	Nil	Nil
Liabilities assumed on acquisition/(settled on Destitute)	Nil	170,596
<b>Closing Defined Benefit Obligation</b>	<b>431,142</b>	<b>310,189</b>

**Employee Benefit Plans (continued)**

Reconciliation of Plan Assets (Indian Rupees)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	Nil	Nil
Expected Return on Plan Asset	Nil	Nil
Actuarial Gain/(Losses)	Nil	Nil
Contributions by Employer	Nil	Nil
<b>Closing Fair Value of Plan Assets</b>	<b>Nil</b>	<b>Nil</b>
<b>Expected contribution during next year</b>	<b>8,392</b>	<b>9,841</b>

Assumptions

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Discount Rate (p.a.)	7.85%	7.90%
Expected Rate of Return on Assets (p.a.)	0.00%	0.00%
Salary Escalation Rate (p.a.)	8.00%	8.00%

Experience Adjustments (Indian Rupees)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Defined Benefit Obligation	431,142	310,189
Plan Asset	Nil	Nil
Surplus/(Deficit)	(431,142)	(310,189)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Experience Adjustment on plan Liabilities	(37,091)	34,331
Experience adjustment on plan assets	Nil	Nil

Expected rate of return on plan assets: This is based on expectation of average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

**28. Payments to the Auditors (including service tax):**

Particulars	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
For Statutory Audit	400,750	280,900
<b>Total</b>	<b>400,750</b>	<b>280,900</b>

29. During the year, the Company has reimbursed amounts aggregating to Rs. 4,024,614/- (for the year ended 31<sup>st</sup> March, 2015: Rs 3,141,671) to its Holding Company on account of Deputation charges in respect of the Company's Chief Executive Officer cum Manager who is appointed as a "Manager" under the provisions of the Companies Act, 2013 read with Schedule V of the said Act.

**30. Expenditure in Foreign Currency:**

Particulars	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
Professional Fees	1,279,454	436,643
<b>Total</b>	<b>1,279,454</b>	<b>436,643</b>

**31. Related Party Disclosures:**

**A. List of Related Parties and Relationships:**

Name of the Related Parties where control exists	Description of Relationship
Mahindra & Mahindra Limited	Holding Company

Name of the Related Parties where transactions have taken place during the period	Description of Relationship
Mahindra Holidays & Resorts India Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Pvt. Ltd. (formerly known as Mahindra BPO Services Limited)	Fellow Subsidiary Company
HZPC Holland B.V.	Joint Venture Partner
Swaraj Engines Limited	Associate of Holding company
Mahindra First Choice Services Limited	Fellow Subsidiary Company
EPC Industries Limited	Fellow Subsidiary Company

Key Management Personnel	Description of Relationship
Mr. Davinder Singh Dosanjh	Chief Executive Officer & Manager
Mr. Kuldeep Singh	Chief Financial Officer
Ms. Vibha Swaminathan	Company Secretary

MAHINDRA HZPC PRIVATE LIMITED  
(FORMERLY KNOWN AS MAHINDRA INVESTMENTS (INTERNATIONAL) PRIVATE LIMITED)

**B. Transactions with Mahindra & Mahindra Limited, Holding Company:**

Sr. No.	Nature of Transaction	(Indian Rupees)	
		Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
1.	Deputation charges of personnel paid: [Including for "Manager" as per Note 27	4,850,750	3,821,671
2.	Amount received from customers in FY-14 (since transferred)	Nil	5,946,942
3.	Reimbursement of expenses received	306,148	Nil
4.	Sale of Inventory	Nil	1,195,298
5.	Purchase of fixed assets	Nil	5,312,100
6.	Unsecured Loan received	Nil	15,300,000
7.	Interest on unsecured loan paid	Nil	621,267
8.	Fees for professional services paid	1,457,230	313,489
9.	Closing balances:		
	Payables	Nil	285,589
	Receivables	Nil	1,195,298
	Advance for vehicles	2,724,261	Nil

**C. Transactions with Fellow subsidiaries:**

Sr. No.	Nature of Transaction	(Indian Rupees)	
		Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
1.	Expenses:	109,721	96,628
	(a) Professional fees		
	– Mahindra Integrated Business Solutions Pvt. Ltd. (Formerly known as Mahindra BPO Services Limited)		
	– Mahindra and Mahindra Limited	242,918	Nil
2.	Closing Balance:		
	Payables		
	– Mahindra Integrated Business Solutions Pvt. Ltd. (Formerly known as Mahindra BPO Services Limited)		
		116	24,276

**D. Transactions with HZPC Holland B.V, Joint Venture Partner:**

Sr. No.	Nature of Transaction	(Indian Rupees)	
		Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
1.	Professional fees paid	904,861	436,643
2.	Commission received	112,880	Nil
3.	Closing balance :		
	Payables	255,000	324,207
	Receivable	47,808	

**E. Transactions with Swaraj Engines Limited, Associate of Holding Company:**

Sr. No.	Nature of Transaction	(Indian Rupees)	
		Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
1.	Office Rent Charges	64,922	11,265
2.	Electricity	41,280	3,352
3.	Closing balance: payables	Nil	14617

**32. Segment Reporting:**

**A. Primary Segment - Business Segment**

The Company's business activity falls within a single business segment viz. 'trading in seed potatoes'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

**B. Secondary Segment - Geographical Segment**

The Company, at present, does not have any Secondary Segment.

**33. Information of goods traded during the year:**

Particulars	(Indian Rupees)	
	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
Purchases	194,283,678	168,129,121
Sales	218,138,750	210,222,720

**34. Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

There are no amounts payable to micro or small enterprises as defined under the Micro Small and Medium Enterprises Development Act 2006 as at 31<sup>st</sup> March, 2016 (as at 31<sup>st</sup> March, 2015 : Rs. Nil).

35. Value of contracts remaining to be executed on capital account not provided for Rs. 59,290,090 (previous year Rs. Nil)

36. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For Mahindra HZPC Private Limited

Ashok Sharma  
Vikram Puri  
Verveld Herman  
Backx Gerard

} Directors

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventh Report along with the Audited Financial Statements of your Company for Financial Year ended 31<sup>st</sup> March, 2016.

### Financial Highlights

	(Amount in Rupees)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Revenue	-	-
Profit/(Loss) before Depreciation, Amortisation, Interest, and Taxation	3,894	(22,472)
Depreciation and Amortisation	-	-
Profit/(Loss) before Interest and Taxation	3,894	(22,472)
Interest	4,512	74
Profit/(Loss) before Taxation	(618)	(22,546)
Provision for Taxation for the year		
- Current Tax	-	-
- Deferred Tax	-	-
Profit/(Loss) for the year after Taxation	(618)	(22,546)
Balance of Profit/(Loss) from earlier year	(1,55,207)	(1,32,661)
Balance of Profit/(Loss) carried forward	(1,55,825)	(1,55,207)

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

### Operations

Your Company has not commenced any commercial operation.

### Dividend

In view of losses, your Directors do not recommend dividend for the year under review.

### Outlook for the Current Year

Your Company is exploring various business opportunities to start operations in future.

### Share Capital

During the year under review, the Authorised Share Capital of your Company stood at Rs. 1 lakh. The issued, subscribed and paid-up share capital was Rs. 1 lakh divided into 10,000 Equity Shares of Rs. 10/- each.

### Board of Directors

The composition of your Board of Directors is as follows:

Sr. No.	Name of Director	DIN	Category	Independent/ Non Independent
1	Mr. Narayan Shankar	00109111	Non -Executive	Non Independent
2	Mr. Roshan Gandhi	00010478	Non -Executive	Non Independent
3	Mr. YVS Vijay Kumar*	03588223	Non -Executive	Non Independent
4	Mr. Jaspreet Bindra*	03506482	Non -Executive	Non Independent
5	Mr. Tarun Gupta*	07479804	Non -Executive	Non Independent

\* Appointed on 12<sup>th</sup> May, 2016 as Additional Directors

Mr. Roshan Gandhi (DIN: 00010478), Director of the Company, retires by rotation at the forthcoming Annual General Meeting (AGM) and offers himself for re-appointment.

### Number of Meetings

#### Board Meetings

Your Board of Directors met four times during the year under review on 21<sup>st</sup> May, 2015, 15<sup>th</sup> September, 2015, 18<sup>th</sup> November, 2015 and 15<sup>th</sup> March, 2016. The gap between two consecutive Board Meetings did not exceed 120 days.

The attendance at the meetings of the Board was as under:-

Sr. No.	Name of Director	No of meetings attended out of four
1	Mr. Narayan Shankar	4
2	Mr. Roshan Gandhi	4
3	Mr. YVS Vijay Kumar*	-
4	Mr. Jaspreet Bindra*	-
5	Mr. Tarun Gupta*	-

\* Appointed on 12<sup>th</sup> May, 2016 as Additional Directors

#### General Meeting

The 6<sup>th</sup> Annual general Meeting (AGM) of the Company was held on 29<sup>th</sup> September, 2015.

#### Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent

judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the Loss of the Company for the year ended on that date;

- (iii) proper and sufficient care has been 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;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Key Managerial Personnel (KMPs)**

The provisions of sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

#### **Risk Management Policy**

Your Company examines risks, which may in the opinion of the Board threaten the existence of the Company and implements suitable measures to mitigate them.

#### **Policy on Sexual Harassment**

During the year under review no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

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

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company; and accordingly, your Company does not have a CSR policy.

#### **Auditors**

Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) were appointed, as Auditors of your Company, at its 5<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2014 from its conclusion till the conclusion of 10<sup>th</sup> Annual General Meeting. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every Annual General Meeting.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if ratification made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors so made at the forthcoming Annual General Meeting and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Auditors in their report.

#### **Reporting of frauds by Auditors**

During the year under review, the Statutory Auditors, have not reported any instances of frauds committed in the Company by its officers or employees to the Board under section 143 (12) of the Companies Act 2013, details of which needs to be mentioned in this report.

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as **Annexure I** to this Report.

#### **Disclosure of Particulars of Employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

#### **Particulars of public deposits, loans, guarantees or investments**

Your Company has not accepted deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with requirement of chapter V of the Companies Act, 2013

Your Company has not made any loans, investments and guarantees during the year under review which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V as applicable to the parent Company, Mahindra and Mahindra Limited.

#### **Particulars of Transactions with Related Parties**

All Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. The particulars of contracts or arrangements entered with related parties are given in AOC – 2 as **Annexure II** and the same forms part of this Report.

#### **Extract of Annual Return**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31<sup>st</sup> March, 2016 is attached herewith as **Annexure III** and forms part of this report.

#### **Internal Financial Controls**

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry

your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

#### General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as

there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3) (c) of the Companies Act, 2013).

#### Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

**Roshan Gandhi**  
Director  
(DIN: 00109111)

**Narayan Shankar**  
Director  
(DIN:00010478)

Mumbai,  
12<sup>th</sup> May, 2016

## ANNEXURE I TO THE DIRECTORS' REPORT

### PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

#### A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: **Not applicable, as the Company has not commenced commercial operations.**
- (b) the steps taken by the company for utilizing alternate sources of energy: **Not applicable**
- (c) the capital investment on energy conservation equipments: **Not applicable**

#### B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: **Not applicable**
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not applicable**
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **Not applicable**
  - (a) the details of technology imported:
  - (b) the year of import
  - (c) whether the technology been fully absorbed:
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:
- iv. the expenditure incurred on Research and Development: **Not applicable**

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:	(Rupees in Lakhs)	
	<b>For the Financial Year ended 31<sup>st</sup> March, 2016</b>	For the Financial Year ended 31 <sup>st</sup> March, 2015
Total Foreign Exchange Earned	<b>NIL</b>	NIL
Total Foreign Exchange Used	<b>NIL</b>	NIL

For and on behalf of the Board

<b>Roshan Gandhi</b> Director (DIN: 00109111)	<b>Narayan Shankar</b> Director (DIN:00010478)
---	--

Mumbai,  
12<sup>th</sup> May, 2016

**ANNEXURE II TO THE DIRECTORS' REPORT**  
**AOC-2**

**PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Sr. No.	Name(s) of Related Party & nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts/ arrangements/ Transactions including the value, if any	Date of approval by the board	Amount paid as advances, if any
1.	Mahindra Holdings Limited (MHL) - Holding Company	Loan from MHL	26 <sup>th</sup> March, 2015 to 31 <sup>st</sup> March 2016	Loan @ 9% p.a. taken from MHL	–	–

For and on behalf of the Board

**Roshan Gandhi**  
Director  
(DIN: 00109111)

**Narayan Shankar**  
Director  
(DIN:00010478)

Mumbai,  
12<sup>th</sup> May, 2016



## ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

**Extract of Annual Return  
as on the financial year ended on 31<sup>st</sup> March, 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

1.	<b>CIN</b>	U29253MH2009PTC196365
2.	<b>Registration Date</b>	9 <sup>th</sup> October, 2009
3.	<b>Name of the Company</b>	Auto Digitech Private Limited (Formerly known as Mahindra Punjab Tractors Private Limited)
4.	<b>Category/Sub-Category of the Company</b>	Company limited by shares/Indian-Non government Company
5.	<b>Address of Registered office and contact details</b>	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai- 400018 Tel: 022-24906683
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	None

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1.	-	-	Not applicable as the Company has not commenced any commercial operation.

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Holdings Limited*	U65993MH2007PLC175649	Holding Company	100	2(46)

\* The Company has become the Wholly Owned Subsidiary of Mahindra First Choice Services Limited w.e.f. 29<sup>th</sup> April, 2016.

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	10,000	10,000	100%	-	10,000	10,000	100%	Nil
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total- A-(1)	-	10,000	10,000	100%	-	10,000	10,000	100%	Nil
<b>2. Foreign</b>									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total - A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	10,000	10,000	100%	-	10,000	10,000	100%	Nil
<b>B. Public Shareholding</b>									
<b>1. Institution</b>	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
<b>2. Non- Institution</b>	-	-	-	-	-	-	-	-	-
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	10,000	10,000	100%	-	10,000	10,000	100%	Nil

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Holdings Limited	9,999	100	0	9,999	100	0	0
2	Mr. Narayan Shankar (Nominee of Mahindra Holdings Limited)	1	0	0	1	0	0	0
	<b>Total</b>	<b>10,000</b>	<b>100</b>	<b>0</b>	<b>10,000</b>	<b>100</b>	<b>0</b>	<b>0</b>

iii. Change in Promoters' Shareholding (please specify, if there is no change) There is no change in the shareholding of the Promoter Group.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	(In Rupees)
				TOTAL INDEBTEDNESS
<b>Indebtedness at the beginning of the financial year 01.04.2015</b>				
1) Principal Amount	-	50,000	-	50,000
2) Interest due but not paid	-	74	-	74
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	-	<b>50,074</b>	-	<b>50,074</b>

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	(In Rupees)
				TOTAL INDEBTEDNESS
<b>Change in Indebtedness during the financial year</b>				
+ Addition	–	4,512	–	4,512
– Reduction	–	–	–	–
Net change	–	4,512	–	4,512
<b>Indebtedness at the end of the financial year- 31.03.2016</b>				
1) Principal Amount	–	50,000	–	50,000
2) Interest due but not paid	–	4,586	–	4,586
3) Interest accrued but not due	–	–	–	–
<b>Total of (1+2+3)</b>	–	54,586	–	54,586

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rupees)
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of Profit	–	–	–
	– Others, specify	–	–	–
5.	Others, please specify Provident Fund & other Funds	–	–	–

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rupees)
	Performance Bonus	–	–	–
	<b>Total (A)</b>	–	–	–
	Ceiling as per the Act	5% of the net profits of the Company		

### B. Remuneration of other directors:

#### I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount (Rupees)
Fee for attending board committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
<b>Total (1)</b>	–	–	–	–	–	–

II. Other Non-Executive Directors:-

Other Non-Executive Directors							Total Amount (Rupees)
Fee for attending board committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total (2)</b>	-	-	-	-	-	-	-
<b>Total B = (1+2)</b>	-	-	-	-	-	-	-
Ceiling as per the Act	1% of the Net profits of the Company						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (Rupees)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify Contribution to Provident Fund	-	-	-
	Performance Bonus	-	-	-
	<b>Total (C)</b>	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

For and on behalf of the Board

**Roshan Gandhi**  
Director

(DIN: 00109111)

**Narayan Shankar**  
Director

(DIN:00010478)

Mumbai,  
12<sup>th</sup> May, 2016

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF AUTO DIGITECH PRIVATE LIMITED (formerly known as Mahindra Punjab Tractors Private Limited)

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **AUTO DIGITECH PRIVATE LIMITED (formerly known as Mahindra Punjab Tractors Private Limited)** ("the Company"), which comprise of the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

1. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
2. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its cash flows for the period from April 1, 2016 to March 31, 2016.

#### Report on Other Legal and Regulatory Requirements

7. As per Clause 1(v) of the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (the "Order"), the Order is not applicable to the Company and accordingly, we have not furnished a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure I**.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No. 044784

Place: Mumbai  
Date: 12th May, 2016

**ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AUTO DIGITECH PRIVATE LIMITED (formerly known as Mahindra Punjab Tractors Private Limited)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **AUTO DIGITECH PRIVATE LIMITED (formerly known as Mahindra Punjab Tractors Private Limited)** in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2015 to March 31, 2016.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No. 044784

Place: Mumbai  
Date: 12<sup>th</sup> May, 2016



## BALANCE SHEET AS AT 31ST MARCH, 2016

	Notes	2016	Amt (In ₹) 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS :</b>			
(a) Share Capital .....	I	100,000.00	100,000.00
(b) Reserves and Surplus .....	II	(155,825.33)	(155,207.00)
		<b>(55,825.33)</b>	<b>(55,207.00)</b>
<b>NON CURRENT LIABILITIES :</b>			
(a) Long Term Borrowings .....		-	-
(b) Deferred Tax Liabilities .....		-	-
(c) Other Long Term Liabilities .....		-	-
(d) Long Term Provisions .....		-	-
		-	-
<b>CURRENT LIABILITIES :</b>			
(a) Short Term Borrowings .....	III	54,586.33	50,074.00
(b) Trade Payables .....	IV	39,755.00	78,481.00
(c) Other Current Liabilities .....		-	-
(d) Short Term Provisions .....		-	-
		-	-
		<b>94,341.33</b>	<b>128,555.00</b>
Total .....		<b>38,516.00</b>	<b>73,348.00</b>
<b>II. ASSETS :</b>			
<b>NON CURRENT ASSETS :</b>			
(a) Fixed Assets			
Tangible Assets .....		-	-
Intangible Assets .....		-	-
Capital Work-in-Progress .....		-	-
Intangible Assets Under Development .....		-	-
(b) Non Current Investments .....		-	-
(c) Long Term Loans and Advances .....		-	-
(d) Other Non Current Assets .....		-	-
<b>CURRENT ASSETS :</b>			
(a) Current Investments .....		-	-
(b) Inventories .....		-	-
(c) Trade Receivables .....		-	-
(d) Cash and Cash Equivalents .....	V	38,516.00	73,348.00
(e) Short Term Loan and Advances .....		-	-
(f) Other Current Assets .....		-	-
		-	-
		<b>38,516.00</b>	<b>73,348.00</b>
Total .....		<b>38,516.00</b>	<b>73,348.00</b>
<b>Significant Accounting Policies</b>	<b>VIII</b>		
<b>See accompanying notes forming part of the financials statements</b>			

**For B. K. Khare & Co**  
Chartered Accountants  
Firm Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
M. No. 44784

Place: Mumbai  
Date: 12th May, 2016

For and on behalf of the Board of Directors  
**For AUTO DIGITECH PRIVATE LIMITED**  
**(formerly known as Mahindra Punjab Tractors Private Limited)**

**Narayan Shankar**  
Director

**Roshan Gandhi**  
Director

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016**

	Notes	2016	Amt (In ₹) 2015
Revenue from Operations (Gross) .....		-	-
Less : Excise Duty .....		-	-
<b>Revenue from Operations (Net)</b> .....		-	-
Other Income .....		-	-
<b>Total Revenue</b> .....		-	-
<b>EXPENSES :</b>			
Cost of Material Consumed .....		-	-
Purchases of Stock-in-Trade .....		-	-
Changes in Inventory of Finished Goods, Work-in-Progress, Stock-in-Trade and Manufactured Components .....		-	-
Excise Duty .....		-	-
Employee Benefit Expenses .....		-	-
Finance Cost.....	VI	4,512.33	74.00
Depreciation and Amortisation Expenses .....		-	-
Other Expenses .....	VII	(3,894.00)	22,472.00
		<b>618.33</b>	22,546.00
<b>Less : Cost of Manufactured Products capitalised</b> .....		-	-
<b>Total Expenses</b> .....		<b>618.33</b>	22,546.00
Profit Before Exceptional Items and Tax.....		<b>(618.33)</b>	(22,546.00)
<b>Add : Exceptional Items</b> .....		-	-
Profit Before Tax.....		<b>(618.33)</b>	(22,546.00)
<b>Less : Tax Expenses</b>			
Current Tax (MAT) .....		-	-
Less : MAT Credit Entitlement.....		-	-
Deferred tax (Net) .....		-	-
<b>Profit for the year</b> .....		<b>(618.33)</b>	(22,546.00)
<b>Add : Balance brought forward from previous year</b> .....		<b>(155,207.00)</b>	(132,661.00)
<b>Balance transferred to Balance Sheet</b> .....		<b>(155,825.33)</b>	(155,207.00)
<b>EARNINGS PER SHARE</b>			
(Face value ₹ 10/- per share) (Rupees)			
Basic.....		<b>(0.06)</b>	(2.25)
Diluted .....		<b>(0.06)</b>	(2.25)
<b>Significant Accounting Policies</b>	VIII		
<b>See accompanying notes forming part of the financials statements</b>			

**For B. K. Khare & Co**  
Chartered Accountants  
Firm Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
M. No. 44784

Place: Mumbai  
Date: 12th May, 2016

For and on behalf of the Board of Directors  
**For AUTO DIGITECH PRIVATE LIMITED**  
**(formerly known as Mahindra Punjab Tractors Private Limited)**

**Narayan Shankar**  
Director

**Roshan Gandhi**  
Director

**CASH FLOW STATEMENT FOR THE PERIOD FROM 1ST APRIL, 2015 TO 31ST MARCH, 2016**

	2016	Amt (In ₹) 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before taxation .....	(618)	(22,546)
Adjustment for:		
Interest expense .....	4,512	74
Operating Profit before Working Capital changes .....	3,894	(22,472)
Changes in:		
Trade and other receivables .....	-	-
Trade and other payables .....	(38,726)	22,472
	(38,726)	22,472
Cash Generated from Operations .....	(34,832)	-
NET CASH FROM OPERATING ACTIVITIES .....	(34,832)	-
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets .....	-	-
Sale of fixed assets .....	-	-
Purchase of Investments .....	-	-
NET CASH USED IN INVESTING ACTIVITIES .....	-	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Issue of Share Capital .....	-	-
Borrowings taken during the year .....	-	50,000
NET CASH USED IN FINANCING ACTIVITIES .....	-	50,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS .....	(34,832)	50,000
<b>CASH AND CASH EQUIVALENTS</b>		
Opening Balance .....	73,348	23,348
<b>Closing Balance</b> .....	<b>38,516</b>	<b>73,348</b>

**For B. K. Khare & Co**  
Chartered Accountants  
Firm Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
M. No. 44784

Place: Mumbai  
Date: 12th May, 2016

For and on behalf of the Board of Directors  
**For AUTO DIGITECH PRIVATE LIMITED**  
**(formerly known as Mahindra Punjab Tractors Private Limited)**

**Narayan Shankar**  
Director

**Roshan Gandhi**  
Director

## NOTES TO ACCOUNTS FOR THE PERIOD FROM 1ST APRIL, 2015 TO 31ST MARCH, 2016

Particulars	Amt (In ₹)	
	2016	2015
<b>Note I</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
10,000 Equity shares of ₹ 10 each .....	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
<b>Issued, Subscribed and Paid-up</b>		
10,000 Equity Shares of ₹ 10 each fully paid .....	100,000	100,000
(All shares are held by Mahindra Holdings Ltd., holding company. Including shares held with nominee)		
<b>Total</b> .....	<u>100,000</u>	<u>100,000</u>
<b>a) Reconciliation of the number of shares –</b>	<b>No. of shares</b>	<b>No. of shares</b>
Number of equity shares outstanding at the beginning of the year.....	10,000	10,000
Add : Fresh allotment of shares during the year.....	–	–
	<u>10,000</u>	<u>10,000</u>
Less : Shares bought back during the year	–	–
Number of equity shares outstanding at the end of the year:	<u>10,000</u>	<u>10,000</u>
<b>b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates –</b>		
Holding company: Mahindra Holding Ltd...	10,000	10,000
Percentage of holding (%).....	100	100
<b>c) Shareholders holding more than 5 percent shares:</b>		
Mahindra Holdings Limited.....	10,000	10,000
<b>Note II</b>		
<b>Reserves and Surplus</b>		
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance .....	(155,207)	(132,661)
Add: Profit for the Year .....	(618)	(22,546)
<b>Total</b> .....	<u>(155,825)</u>	<u>(155,207)</u>
<b>Note III</b>		
<b>Short Term Borrowings</b>		
9% Loan taken from Mahindra Holdings Limited on 26th March-15 .....	50,000	50,000
Accrued Interest on loan.....	4,586	74
<b>Total</b> .....	<u>54,586</u>	<u>50,074</u>
<b>Note IV</b>		
<b>Current Liabilities</b>		
<b>Trade Payables</b>		
Dues to Micro and Small Enterprises.....	–	–
Sundry Creditors – Others .....	39,755	78,481
<b>Total</b> .....	<u>39,755</u>	<u>78,481</u>

Particulars	Amt (In ₹)	
	2016	2015
<b>Note V</b>		
<b>Cash &amp; Cash Equivalents</b>		
Cash .....	–	–
Balance with Schedule Bank .....	38,516	73,348
<b>Total</b> .....	<u>38,516</u>	<u>73,348</u>
<b>Note VI</b>		
<b>Finance Cost</b>		
Interest on loan taken from Mahindra Holdings Limited.....	4,512	74
<b>Total</b> .....	<u>4,512</u>	<u>74</u>
<b>Note VII</b>		
<b>Other Expenses</b>		
Audit Fees .....	11,450	11,236
Prof Fees.....	28,305	11,236
Bank Charges .....	–	–
W/back of Old payables.....	(43,649)	–
<b>Total</b> .....	<u>(3,894)</u>	<u>22,472</u>

### Notes VIII

#### Corporate information:

**Mahindra Punjab Tractors Private Limited was incorporated in the year 2009 under the Companies Act, 1956.**

With effect from January 22, 2016, the name of the Company was changed from 'Mahindra Punjab Tractors Private Limited' to 'Auto Digitech Private Limited'.

The company has now become a 100% subsidiary of Mahindra First Choice Services Limited (M&M Ltd's subsidiary) for carrying on an e-commerce activity including developing and operating the e-commerce website to act as an online platform for marketing and sale of spare parts and servicing of vehicles. This transfer has been effected on April 29, 2016.

#### Significant Accounting Policies:

##### a. Basis for preparation:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles India (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 (the Act) and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

All assets & liabilities have been classified as current & non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets & liabilities.

##### b. Revenue recognition:

All incomes and expenses are accounted on the accrual basis and provision is made for all known losses and liabilities.

##### c. Earnings Per share:

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earning Per Share.

Basic EPS is computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period.

**d. Income Tax:**

Income taxes are accounted for in accordance with the Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprises of current tax, deferred tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the balance sheet date. Deferred tax assets arising from timing difference are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**e. Preliminary Expenses:**

Preliminary expenses are charged to the Statement of profit and loss account in the year of incurrence.

**f. Provisions and contingent liabilities**

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more certain future events not wholly within the control of the company.

**Notes IX**

**Auditor's remuneration is as follows:**

Particulars	Amount (in ₹)	
	2016	2015
Audit fees .....	10,000	10,000
Service tax.....	1,450	1,236
<b>Total</b> .....	<b>11,450</b>	<b>11,236</b>

**Notes X**

**Related party Transactions:**

List of Related Parties:

Holding Company	Mahindra Holdings Limited
Ultimate Holding Company	Mahindra & Mahindra Limited

Transactions with related parties:

Nature of Transaction	Amount (in ₹)
9% Loan taken from Mahindra Holdings Limited on 26th March-15	50,000
Accrued Interest thereon during the year	4,512

**Notes XI**

**Earnings per share:**

Particulars	Unit	2016	2015
Net profit/(loss) after taxation (amount used as numerator) .....	₹	(618)	(22,546)
Weighted Average number of equity shares for Basic Earnings per share .....	Nos.	10000	10000
Nominal value of Equity Share .....	₹	10.00	10.00
Basic and diluted Earnings Per Equity share.....	₹	(0.06)	(2.25)

**Notes XII**

The Company was formed in the year 2009 with minimum capital of ₹ 1 lac. The company has not yet commenced operations but the management has already explored the business opportunities (Refer para under Corporate Information). Networth of the company is negative mainly on account of incurrence of compliance related expenditure. During the year, the holding company has given a financial support in the form of short term borrowing. The management will approach the shareholder for infusion of capital in the next year to maintain positive networth of the Company. Accordingly, the accounts are prepared on going concern basis.

**Notes XIII**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure as per Schedule III.

As per our report of even date

**For B. K. Khare & Co**

Chartered Accountants  
Firm Registration No. 105102W

**Padmini Khare Kaicker**

Partner  
M. No. 44784

Place: Mumbai  
Date: 12th May, 2016

For and on behalf of the Board of Directors

**For AUTO DIGITECH PRIVATE LIMITED**  
(formerly known as Mahindra Punjab Tractors Private Limited)

**Narayan Shankar**

Director

**Roshan Gandhi**

Director

## DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended 31<sup>st</sup> March 2016.

### Financial Highlights for Mahindra USA Inc:

	2016 US\$	2016 INR	2015 US\$	2015 INR
Income .....	<b>504,147,958</b>	<b>33,450,217,013</b>	357,254,609	23,703,843,307
Profit/(Loss) before tax .....	<b>6,237,726</b>	<b>413,873,120</b>	4,033,490	267,622,062
Profit after tax.....	<b>5,339,816</b>	<b>354,296,792</b>	2,286,622	151,717,370

The economy in the United States of America ('US') is positive as consumer confidence continues to increase and unemployment is at its lowest level since before the economic recession in late 2008/early 2009. In addition, US net farm income forecast outlook is projected to be lower compared to previous three years, however calendar year 2015 yields, acreage planted and farm income will post record levels in spite of lower forecasts.

In this challenging environment your Company's performance was significantly better than the tractor industry as the billing volume grew by 22.6% to 19,323 tractors as compared to 15,766 tractors in the previous year. Tractor retail volume grew consecutively second year above 16.7% to 17,525 tractors as compared to 15,016 tractors in the previous year. Both the retail as well as billing performance has been the highest ever till date in the history of the Company. The overall market share is at 10% compared to last year in US and increased to 3.9% from 3.0% compared to last year in Canada.

Correspondingly, the Revenue for the financial year 2015 was at \$504 million (Rs. 3,345 Crores) as compared to \$357 million (Rs. 2,370 Crores) in the previous financial year. The Profit after tax for the year was \$5.34 million (Rs. 35 Crores) against previous year profit after tax of \$2.29 million (Rs. 15 Crores).

Your Company stabilized its newly introduced products in the sub compact segment and also introduced US manufactured UTVs in the segment which were well received in the marketplace.

Your company continued to strengthen the dealer channel, which is reflected in substantially improved performance during financial year 2016.

Your Company's composite brand strength improved during current year to 65% from 62% in previous year. Your Company had highest Customer as Net Promoter score (CaPS) of 60 and an Employee Engagement score (mCARES) of 3.86. Your Company continues to invest in multiple CSR initiatives across North America. Your Company is at third position in the US tractor sales for 0 to 120 horse power category as per Association of Equipment Manufacturers' report.

Your Company undertook several initiatives during the year in order to further cut costs and bring in efficiency and strengthen the operating margin. Your Company continues to look towards further strengthening its Dealer channel and focus on identified regional markets, Canada and Mexico in the coming financial year 2017.

**Dr. Pawan Goenka**  
Chairman

May 25<sup>th</sup> 2016  
Mumbai, India

## INDEPENDENT AUDITORS' REPORT

To the Stockholder and the Board of Directors

Mahindra USA, Inc.

We have audited the accompanying financial statements of Mahindra USA, Inc., a Texas corporation, which comprise the balance sheets as of March 31, 2016 and 2015, and the related statements of income, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

As discussed in Note 1 to the financial statements, the Company reports its investment in its wholly owned subsidiaries on the equity method of accounting. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of these subsidiaries had been consolidated with those of Mahindra USA, Inc., total assets and total liabilities would increase by \$2,095,376 (Rs. 13.90 cr) and \$5,815,715 (Rs. 38.58) as of March 31, 2016 and 2015, respectively, and revenues and expenses would have increase by \$405,083 (Rs. 2.68 cr) and \$27,602,271 (Rs. 183.14 cr), respectively, for the years then ended.

### Qualified Opinion

In our opinion, except for the effects of not consolidating majority-owned subsidiaries as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Mahindra USA, Inc. as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis-of-Matter for Presentation of Financial Information

The presentation of financial information in Indian rupees in the consolidated financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon an exchange rate provided by Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Kahanek, Franke & Associates, L. C.  
Houston, Texas

May 25, 2016

**BALANCE SHEET AS OF MARCH 31, 2016 AND 2015**

<b>ASSETS</b>	<b>2016</b>		<b>2015</b>	
	<b>U.S. \$</b>	<b>INR</b>	<b>U.S. \$</b>	<b>INR</b>
Current assets:				
Cash and cash equivalents .....	\$ 368,898	24,476,382	\$ 4,456,208	295,669,401
Accounts receivable:				
Customers net.....	18,518,567	1,228,706,920	16,247,380	1,078,013,663
Employees.....	125,472	8,325,067	98,985	6,567,655
Inventories (note 3) .....	174,758,848	11,595,249,565	127,688,927	8,472,160,306
Deferred tax asset (note 6) .....	1,913,282	126,946,261	1,810,898	120,153,082
Prepaid expenses and deposits .....	3,678,255	244,052,219	2,674,645	177,462,696
Total current assets .....	<u>199,363,322</u>	<u>13,227,756,415</u>	<u>152,977,043</u>	<u>10,150,026,803</u>
Investments in wholly-owned subsidiaries .....	10,000	663,500	10,000	663,500
Property and equipment, net.....	3,984,277	264,356,779	1,952,384	129,540,678
Total assets .....	<u>\$ 203,357,599</u>	<u>13,492,776,694</u>	<u>\$ 154,939,427</u>	<u>10,280,230,981</u>
 <b>LIABILITIES AND STOCKHOLDERS'S EQUITY</b>				
Current Liabilities:				
Accounts payable				
Related parties (note 7) .....	\$ 53,972,932	3,581,104,038	\$ 34,849,829	2,312,286,154
Other.....	49,054,989	3,254,798,520	75,065,630	4,980,604,551
Bank overdrafts .....	6,315,400	419,026,790	–	–
Accrued expenses.....	22,968,608	1,523,967,141	10,629,084	705,239,723
Note payable (note 10) .....	54,500,000	3,616,075,000	23,189,030	1,538,592,141
Total current liabilities.....	<u>186,811,929</u>	<u>12,394,971,489</u>	<u>143,733,573</u>	<u>9,536,722,569</u>
Long-term capital leases less current maturities .....	–	–	–	–
Total liabilities.....	<u>186,811,929</u>	<u>12,394,971,489</u>	<u>143,733,573</u>	<u>9,536,722,569</u>
Stockholder's equity				
Common stock (\$.25 par value; 60,000,000 shares authorized and 56,000,000 issued, changed from \$.10 par with 45,000,000 issued) .....	14,000,000	928,900,000	14,000,000	928,900,000
Retained Earnings.....	2,545,670	168,905,205	(2,794,146)	(185,391,587)
Total stockholder's equity.....	<u>16,545,670</u>	<u>1,097,805,205</u>	<u>11,205,854</u>	<u>743,508,413</u>
Total liabilities and stockholder's equity .....	<u>\$ 203,357,599</u>	<u>13,492,776,694</u>	<u>\$ 154,939,427</u>	<u>10,280,230,981</u>



## STATEMENTS OF INCOME FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2016		2015	
	U.S. \$	INR	U.S. \$	INR
<b>Revenues:</b>				
Sales of tractors and parts .....	\$ 504,147,958	33,450,217,013	\$ 357,254,609	23,703,843,307
Less retail sales incentives .....	<u>31,841,135</u>	<u>2,112,659,307</u>	<u>20,886,045</u>	<u>1,385,789,086</u>
Total revenues	<u>472,306,823</u>	<u>31,337,557,706</u>	<u>336,368,564</u>	<u>22,318,054,221</u>
<b>Cost of sales:</b>				
Tractors and parts .....	375,519,635	24,915,727,782	266,534,656	17,684,574,426
Other direct costs .....	<u>22,188,700</u>	<u>1,472,220,245</u>	<u>13,720,385</u>	<u>910,347,545</u>
Total cost of sales .....	<u>397,708,335</u>	<u>26,387,948,027</u>	<u>280,255,041</u>	<u>18,594,921,970</u>
Gross profit .....	<u>74,598,488</u>	<u>4,949,609,679</u>	<u>56,113,523</u>	<u>3,723,132,251</u>
<b>General and administrative expenses:</b>				
Advertising and marketing expenses .....	8,626,239	572,350,958	6,168,758	409,297,093
Other general and administrative expenses .....	<u>58,942,700</u>	<u>3,910,848,145</u>	<u>44,995,866</u>	<u>2,985,475,709</u>
Total general and administrative expenses .....	<u>67,568,939</u>	<u>4,483,199,103</u>	<u>51,164,624</u>	<u>3,394,772,802</u>
Income from operations .....	<u>7,029,549</u>	<u>466,410,576</u>	<u>4,948,899</u>	<u>328,359,449</u>
<b>Other income (expense):</b>				
Interest expense .....	(671,494)	(44,553,627)	(980,696)	(65,069,180)
Other income .....	44,044	2,922,319	58,726	3,896,470
Gain (loss) on disposal of assets .....	<u>(164,373)</u>	<u>(10,906,149)</u>	<u>6,561</u>	<u>435,322</u>
Total other income (expense), net .....	<u>(791,823)</u>	<u>(52,537,456)</u>	<u>(915,409)</u>	<u>(60,737,387)</u>
Net income before income taxes .....	<u>6,237,726</u>	<u>413,873,120</u>	<u>4,033,490</u>	<u>267,622,062</u>
<b>Income tax expense (benefit):</b>				
Current .....	\$ 897,910	59,576,329	\$ 1,746,868	115,904,692
<b>Net income</b>	<u>5,339,816</u>	<u>354,296,792</u>	<u>2,286,622</u>	<u>151,717,370</u>

**STATEMENTS OF STOCKHOLDER'S EQUITY  
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015**

	<b>U.S. \$</b>			
	<b>Shares</b>	<b>Common Stock Amount</b>	Retained Earnings	Total Stockholders Equity
Balance -				
March 31, 2014.....	45,000,000	\$ 14,000,000	\$ (5,080,768)	\$ 8,919,232
Net income .....			2,286,622	2,286,622
Balance -				
March 31, 2015.....	45,000,000	14,000,000	(2,794,146)	11,205,854
Net income .....			5,339,816	5,339,816
Balance -				
March 31, 2016.....	45,000,000	\$ 14,000,000	\$ 2,545,670	\$ 16,545,670
	<b>INR</b>			
	<b>Shares</b>	<b>Common Stock Amount</b>	Retained Earnings	Total Stockholders Equity
Balance -				
March 31, 2014.....	45,000,000	928,900,000	(337,108,957)	591,791,043
Net income .....			151,717,370	151,717,370
Balance -				
March 31, 2015.....	45,000,000	928,900,000	(185,391,587)	743,508,413
Net income .....			354,296,792	354,296,792
Balance -				
March 31, 2016.....	45,000,000	928,900,000	168,905,204	1,097,805,205

**STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2016 AND 2015**  
**(Increase (decrease) in cash and cash equivalents)**

	2016		2015	
	U.S. \$	INR	U.S. \$	INR
<b>Cash flows from operating activities:</b>				
Net income .....	\$ 5,339,816	354,296,792	\$ 2,286,622	151,717,370
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization.....	638,530	42,366,466	542,468	35,992,752
Deferred income tax.....	(102,384)	(6,793,178)	1,544,304	102,464,570
Gain (loss) on disposal of assets.....	164,373	10,906,149	6,561	435,322
Federal and state income taxes .....	–	–	(45,000)	(2,985,750)
(Increase) decrease in:				
Accounts receivable - trade .....	(2,271,187)	(150,693,257)	(2,589,012)	(171,780,946)
Accounts receivable - employees.....	(26,487)	(1,757,412)	(67,784)	(4,497,468)
Inventories .....	(47,069,921)	(3,123,089,258)	(25,292,576)	(1,678,162,418)
Prepaid expenses.....	(1,003,610)	(66,589,524)	(1,954,741)	(129,697,065)
Increase (decrease) in:				
Accounts payable.....	(6,887,538)	(456,988,146)	48,192,703	3,197,585,844
Bank overdrafts .....	6,315,400	419,026,790	–	–
Accrued expenses.....	12,339,524	818,727,417	5,331,938	353,774,086
Net cash provided by (used in) operating activities.....	<u>(32,563,484)</u>	<u>(2,160,587,163)</u>	<u>27,955,483</u>	<u>1,854,846,297</u>
<b>Cash flows from investing activities:</b>				
Investment in wholly-owned subsidiary.....	–	–	10,000	663,500
Capital expenditures.....	(2,863,296)	(189,979,690)	(549,506)	(36,459,723)
Proceeds from sale of assets .....	28,500	1,890,975	72,498	4,810,242
Net cash used in investing activities .....	<u>(2,834,796)</u>	<u>(188,088,715)</u>	<u>(467,008)</u>	<u>(30,985,981)</u>
<b>Cash flows from financing activities:</b>				
Note payable - advances.....	177,518,124	11,778,327,527	51,098,423	3,390,380,366
Note payable - payments.....	(146,207,154)	(9,700,844,668)	(78,498,868)	(5,208,399,892)
Net cash provided by (used in) financing activities .....	<u>31,310,970</u>	<u>2,077,482,860</u>	<u>(27,400,445)</u>	<u>(1,818,019,526)</u>
Net increase in cash and cash equivalents .....	(4,087,310)	(271,193,019)	88,030	5,840,791
Cash and cash equivalents:				
Beginning of year .....	4,456,208	295,669,401	4,368,178	289,828,610
End of year .....	<u>\$ 368,898</u>	<u>24,476,382</u>	<u>\$ 4,456,208</u>	<u>295,669,401</u>

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016 AND 2015

### NOTE 1 – THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### The Company

Mahindra USA, Inc. (the “Company”) (“MUSA”) was incorporated June 8, 1994 in the State of Texas, and commenced business on March 15, 1995. The Company is owned by Mahindra and Mahindra, Ltd. (“M&M”). M&M is a publicly traded corporation headquartered in Mumbai, India which, among other activities, manufactures farming equipment and automobiles. The Company sells tractors, parts, attachments and accessories in North America under wholesale distribution agreements. The Company’s sales are to a network of more than 525 dealer locations throughout North America.

The Company formed a wholly owned subsidiary on January 25, 2013, Mahindra Tractor Assembly, Inc., (“MTA”) to sell electric powered scooters in North America under wholesale distribution agreements with a network of dealers. Effective on November 30, 2014, ownership of MTA was transferred to another M&M subsidiary, Mahindra Overseas Investment Company Mauritius Limited.

The Company formed another wholly owned subsidiary on December 18, 2013, Mahindra North American Technical Center, Inc., (“MNATC”) to design and develop prototype complete vehicle designs and related parts to facilitate M&M’s expansion in the worldwide vehicle market. Effective April 1, 2015, the assets, liabilities, and business activities of MNATC was sold to another M&M subsidiary, Mahindra Vehicle Manufacturers Limited. The Company continues to own MNATC; however, virtually no business activity took place after April 1, 2015.

The Company reported its investment in MTA and MNATC on the equity method of accounting. Accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for using consolidated financial statements.

#### Financial Presentation in U.S. Dollars and Indian Rupees

Financial information in this report is shown in U.S. dollars (“\$”) and in Indian rupees (“INR”). For both March 31, 2016 and 2015, dollar amounts are translated for convenience into Indian rupees at exchange rate of 66.35 INR per dollar which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2016. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amount.

#### Significant Accounting Policies

##### Accounting method -

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). However, as noted above, the financial results of MTA and MNATC, both being wholly owned subsidiaries, are not included in these financial statements.

##### Use of estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Receivables -

Receivables are stated at the amount invoiced for the sale to the various dealers. There is currently an allowance for uncollectible accounts of \$1,375,686 (INR 91,276,766) and \$1,206,082 (INR 80,023,541) at March 31, 2016 and March 31, 2015, respectively, which management considers sufficient to cover uncollectible accounts (see Note 2 for a discussion of dealer financing arrangements).

##### Revenue recognition -

Revenue from the sale of tractors, parts, attachments and accessories is recognized when the ordered goods are invoiced to the dealer. Invoices are issued after credit approval and when the ordered items are ready for shipment. The Company participates in various retail incentives with its dealers. At the time a sale is recognized, the Company records an estimate of the future sales

incentive costs for allowances and financing programs that will be due when a dealer sells the equipment to a retail customer. The estimate is based on historical data, announced incentive programs, field inventory levels, and retail sales volumes.

##### Inventories -

New tractors, parts, and accessories are stated at the lower of cost or market. Cost is determined by the moving average price.

##### Property and equipment -

Property and equipment are stated at cost. The cost of additions and improvements are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss on disposition is included in the statement of income. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable. No impairment charges were recorded during the years ended March 31, 2016 and 2015.

Depreciation is provided over the useful lives of the related assets using the straight-line method for financial reporting and the modified accelerated cost recovery method for tax purposes.

##### Income taxes -

Income for financial reporting purposes is different than income for income tax reporting purposes due principally from timing differences relating to allowances for inventory valuation, allowance for doubtful accounts, depreciation and several expense accruals. Federal and state income tax returns for the Company are subject to examination for three years from the date of filing. Years open for examination are from March 31, 2013 to present.

##### Statement of cash flows -

For purposes of the statements of cash flows, the Company considers all cash accounts, money market accounts, and certificates of deposit with maturities of less than three months to be cash and cash equivalents.

##### Supplemental disclosure of cash flow information for the years ended March 31:

	2016		2015	
	\$	INR	\$	INR
Interest Paid	671,494	44,553,627	980,695	65,069,113

##### Advertising -

The Company subsidizes product advertising carried on by dealers within each dealer’s local market, and conducts dealer conferences. The Company also advertises in trade magazines, at trade shows and uses various other means of promotions, including product brochures, to increase brand awareness and sale of products in the market. The Company capitalizes expenditures with extended advertising value and amortizes these costs over a period not exceeding twelve months. Expenditures without extended advertising value are expensed in the year incurred.

##### Reclassification of Retail Sales Incentives -

The Company reclassified retail sales incentives for March 31, 2015 totaling \$20,886,045 from other general and administrative expenses to retail sales incentives for these comparative financial statements. This reclassification did not change March 31, 2015 net income.

### NOTE 2 – ACCOUNTS RECEIVABLE – CUSTOMERS

The Company’s customers are the retail dealers authorized to sell Mahindra tractors. During the year ending March 31, 2016 and for the current fiscal year, the Company offered varying discounts for payments. There are various marketing programs throughout the year, including programs that offer all dealers interest free financing for varying number of days after date of purchase. The Company has also arranged for dealers to finance tractors purchased through commercial lenders who then remit payment directly to the Company.

**NOTE 3 – INVENTORIES**

Inventories were comprised of the following at March 31:

	2016		2015	
	\$	INR	\$	INR
Tractors	\$ 136,722,259	9,071,521,885	\$ 98,697,394	6,548,572,092
Parts Accessories Others	<b>38,036,589</b>	<b>2,523,727,680</b>	28,991,533	1,923,588,215
	<b>\$ 174,758,848</b>	<b>11,595,249,565</b>	\$ 127,688,927	8,472,160,307

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following at March 31:

	Est. Useful Life	2016		2015	
		\$	INR	\$	INR
Machinery & equip.	7 yrs	\$ 939,569	62,340,403	\$ 977,007	64,824,414
Office furniture & equip.	5–7yrs	3,151,507	209,102,490	2,883,188	191,299,524
Leasehold improvements	9yrs	2,674,275	177,438,146	1,091,745	72,437,281
Vehicles	5yrs	511,471	33,936,101	705,814	46,830,759
		<b>7,276,822</b>	<b>482,817,140</b>	5,657,754	375,391,978
Less-accumulated depreciation		<b>3,292,545</b>	<b>218,460,361</b>	3,705,370	245,851,300
		<b>\$ 3,984,277</b>	<b>264,356,779</b>	\$ 1,952,384	129,540,678

**NOTE 5 – ACCRUED EXPENSES**

Expenses accrued for the years ending March 31, 2016 and March 31, 2015 include advertising, marketing program costs, retail rate buy-downs, cash discounts, state franchise taxes, payroll and payroll taxes, employee bonuses, salesmen and customer bonuses, legal fees, property taxes, insurance deductibles, and warranty reserves. The Company participates in various retail incentives with its dealers, and has accrued for the costs of these programs in effect as of the date of these financial statements.

**NOTE 6 – INCOME TAXES**

The components of the provision income tax benefit for federal income taxes is as follows for the period ended March 31:

	2016		2015	
	\$	INR	\$	INR
Current income tax expense	\$ 897,910	59,576,329	\$ 1,746,868	115,904,692

The company calculates income tax benefit based upon the maximum federal income tax rate of 34%.

At March 31, 2015, the Company had a net operating loss carryforward of approximately \$5,865,234 (INR 389,158,276). The Company fully utilized the loss carryforward at March 31, 2016. The deferred tax asset recognized at March 31, 2016 in the amount of \$1,913,282 (INR 126,946,261) represents future deferred tax deductions for various expenses, including slow moving inventory, warranty reserves, and allowance for uncollectible accounts receivable.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

The Company purchases tractors and parts from related parties, including M&M and Mitsubishi Mahindra Agricultural Machinery, on an open accounts, which is paid when due. Accounts payable are net of amounts the Company has paid

for warranty claims and legal fees. The Company has the following receivables and (payables).

	2016		2015	
	\$	INR	\$	INR
Mahindra and Mahindra, Ltd.	\$ (24,202,791)	(1,605,855,183)	(34,982,241)	(2,321,071,690)
Mitsubishi Mahindra Agricultural Machinery	(29,523,615)	(1,958,891,855)	-	-
Mahindra China Tractor Co., Ltd.	-	-	170,539	11,315,263
Mahindra and Mahindra Financial Services, Ltd.	27,962	1,855,279	47,661	3,162,307
Mahindra and Mahindra, Ltd. Auto Sector	124,900	8,287,115	147,301	9,773,421
Mahindra and Mahindra, Head Office	(439,668)	(29,171,972)	(185,440)	(12,303,944)
Mahindra AG & Auto Australia	-	-	(53,371)	(3,541,166)
Mahindra and Mahindra, Ltd. - Australia	40,280	2,672,578	5,722	379,655
	<b>\$ (53,972,932)</b>	<b>(3,581,104,038)</b>	<b>(34,849,829)</b>	<b>(2,312,286,154)</b>

The Company's purchases of tractors and parts from M&M and Mitsubishi Mahindra Agricultural Machinery for the years ended March 31, 2016 and 2015 were \$137,337,854 (INR 9,112,366,613) and \$106,378,455 (INR 7,058,210,489), respectively.

**NOTE 8 – EMPLOYEE BENEFIT PLANS**

The Company adopted a 401(k) retirement plan effective April 1, 1998. All of the Company's employees who are at least 21 years of age are eligible upon the first enrollment date (January 1 or July 1) after their hire date to participate in a 401(k) profit sharing plan (the "Plan"). Eligible employees may make contributions up to 12% of their compensation. The Plan provides for matching contributions by the Company in an amount equal to the employee contributions. Employer matching contributions were up to 3% of eligible contributions through December 31, 2014, and the percentage increased to a maximum of 4% contribution on January 1, 2015. Employee contributions and employer matching contributions are invested in mutual funds. The Company's contributions for the years ended March 31, 2016 and 2015 were \$153,355 (INR 10,173,777) and \$86,844 (INR 5,762,099), respectively.

**NOTE 9 – CASH BALANCES IN EXCESS OF INSURED LIMITS**

During the fiscal years ending March 31, 2016 and March 31, 2015, the Company maintained cash balances in excess of insured limits. Cash balances did not exceed the insured limit at March 31, 2016 and March 31, 2015.

**NOTE 10 – NOTES PAYABLE**

At March 31, 2016, the Company has an available credit facility in the form of a revolving note in the amount of \$60,000,000 (INR 3,981,000,000) with Bank of America. This note bears interest at Libor plus 1.75%. Additionally, the Company entered into another credit facility in the form of a revolving note in the amount of \$20,000,000 (INR 1,327,000,000) with JP Morgan Chase in January of 2015 with the same terms. At March 31, 2015, the Company had a similar credit facility agreement with available credit of \$40,000,000 (INR 2,654,000,000) with Bank of America, and \$20,000,000 (INR 1,327,000,000) with JP Morgan Chase. At March 31, 2016, the outstanding loan balances were \$37,250,000 (INR 2,471,537,500) with Bank of America, and \$17,250,000 (INR 1,144,537,500) with JP Morgan Chase resulting in a total of \$54,500,000 (INR 3,616,075,000). At March 31, 2015, the outstanding loan balance was \$23,173,462 (INR 1,537,559,204) with Bank of America. The Bank of America credit facility matures on February 28, 2018. The JP Morgan Chase credit facility matures on January 27, 2017.

**NOTE 11 – LEASES**

The Company entered into a lease covering a 130 month period for an office and warehouse on August 11, 2011. Additional warehouse space was subsequently leased. Total rent expense for all operating leases for 2016 and 2015 were \$1,513,260 (INR 100,404,801) and \$890,496 (INR 59,084,410), respectively.

The Company entered into a master lease agreement for their vehicle fleet.

Future minimum lease payments under the non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

March 31,	\$	INR
2017	\$ 1,138,853	75,562,897
2018	1,133,640	75,217,014
2019	1,101,154	73,061,568
2020	1,113,424	73,875,682
2021	1,133,582	75,213,166
Thereafter	5,552,443	368,404,593
Total	<u>\$ 11,173,096</u>	<u>741,334,920</u>

**NOTE 12 – ASSEMBLY AND SERVICE AGREEMENT**

The Company has entered into agreements with dealerships in Chattanooga, TN, Bloomsburg, PA, Lyons, KS, and Olivehurst, CA (collectively the “Assemblers”) for the final assembly of tractors imported from various manufacturers overseas, including M&M. These agreements stipulate that the Assemblers are to assemble the tractors in accordance with procedures provided by the Company so that the tractors are ready for sale to dealers. The Assemblers are required to employ qualified personnel to perform the duties required by the Company. The Assemblers store inventory owned by the Company in a secure location. The

Assemblers are paid based on a piecemeal basis at various rates depending on the respective model and related accessories. These rates are reviewed and negotiated at regular intervals.

**NOTE 13 – CONTINGENT LIABILITY**

The State of Texas has conducted an audit of the Company’s franchise tax returns for the years 2008 through 2011. This examination has concluded and is subject to the Company’s request for independent audit review. The preliminary deficiency for the years under examination is approximately \$322,000 (INR 21,364,700). The Company believes that its filing position is supportable and is vigorously defending its position. The Company has made representations of its position, and is preparing for possible litigation of this matter. If the Company is unsuccessful the applicable rate of franchise tax in Texas would double, from .5% to 1%, which is the rate used for parties who do not qualify as wholesalers. The additional cost for years not covered by the examination would be approximately \$243,000 (INR 16,123,050).

The Company is involved in various proceedings which are considered ordinary litigation incident to its business. In management’s opinion, none of the current litigation will have a materially adverse effect on the Company’s financial position.

**NOTE 14 – DIVIDEND TO PARENT**

The Company’s Board of Directors declared a dividend on April 26, 2016 of \$280,000 payable to M&M. The dividend will be paid in June 2016.

**NOTE 15 – DATE OF MANAGEMENT’S REVIEW**

The Company’s management reviewed and evaluated subsequent events through May 25, 2016, the date the financial statements were available to be issued, and no events have occurred subsequent to the balance sheets dated March 31, 2016 and 2015 that would require adjustments to, or disclosure in, the financial statements.

## DIRECTORS' REPORT FOR MAHINDRA YUEDA (YANCHENG) TRACTOR CO., LTD.

Mahindra Yueda (Yancheng) Tractor Company Ltd. (MYYTCL) is a 51:49 Foreign Joint Venture between Mahindra Overseas Investment Company (Mauritius) Ltd. and Jiangsu Yueda Investment Co. Ltd from Peoples Republic of China. MYYTCL is operational from 1<sup>st</sup> February, 2009 and is located in Economic Development Zone of Yancheng city in Jiangsu Province. The Yueda Group is a well known Group in PRC with presence in various sectors of economy such as Automobiles, Tractors, Mining, Textile, Infrastructure Development and Retail. Huanghai Jinma brand of tractors manufactured at MYYTCL is well known brand across China and sold through a strong network of 250 dealers. MYYTCL produces and sells 18 HP to 135 HP tractors.

The overall tractor industry volumes in 2015 at 307,455 tractors remained at same level as compared with 2014. The domestic industry at 288,750 tractors, recorded a marginal growth of 2.6% whereas the export volumes recorded a de-growth of 30.8% to reach 18,705 tractors.

During the calendar year 2015, in view of upcoming change in emission norms, the company focused on reduction of dealer stock & receivables, by improving retails and controlled billing. By year end, the Company reduced its dealer stock and

receivables by 50%. The controlled billing of 10656 tractors during 2015 resulted in a reduction in market share of the company from 5.7% in 2014 to 3.5% in 2015.

The new emission norms – China III will become operational in 2016 and your company is ready for implementing the required technical modifications. The company plans to maximize sales opportunity by channel restructuring and launch of product variants for niche requirements. With the market shift towards higher HP segments, the company continues to work on further strengthening its higher HP product portfolio.

Simultaneously, the company is working on realigning cost structure, improving margins and working capital reduction. Product mix improvement, cost reduction and supplier consolidation efforts are driving improvement in variable margins and cash flows. All these efforts will improve the company's financial stability.

**Sachin Arolkar**  
Director

Place: Yancheng, China  
Date: 28<sup>th</sup> April, 2016

## AUDITOR'S REPORT

### To the Board of Directors of Mahindra Yueda (Yancheng) Tractor Co., Ltd.:

We have audited the accompanying financial statements of **Mahindra Yueda (Yancheng) Tractor Co., Ltd.** ("Mahindra Yueda"), which comprise the balance sheet as at 31 December 2015, and the income statement, the statement of changes in owner's equity and the cash flow statement for the year then ended, and the notes to the financial statements.

#### 1. *Management's responsibility for the financial statements*

Management of Mahindra Yueda is responsible for the preparation and fair presentation of these financial statements, this responsibility includes: (1) preparing financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; and (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

#### 2. *Auditor's responsibility*

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 3. *Opinion*

In our opinion, the financial statements of Mahindra Yueda present fairly, in all material respects, the financial position as of 31 December 2015, and the results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

#### 4. *Other Matter*

Without qualifying our opinion, we draw attention to the fact that the supplementary information presented in INR is solely for the convenience of users, it does not form part of the audited financial statements. We have not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this report.

Deloitte Touche Tohmatsu  
Certified Public  
Accountants LLP  
**Nanjing, China**

Chinese Certified  
Public Accountant

Hu Fan  
Pan Yi Xiang

28 April 2016

*The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.*



**BALANCE SHEET AT 31 DECEMBER 2015**

	<u>NOTE VI</u>	<u>2015 RMB</u>	<u>2014 RMB</u>
<b>Current Assets:</b>			
Currency funds.....	1	103,681,358.42	63,982,082.72
Notes receivable.....	2	3,160,000.00	620,000.00
Accounts receivable.....	3	208,078,754.86	331,439,863.66
Advances to suppliers.....		5,536,546.17	3,375,883.23
Other receivables.....	4	7,132,401.95	5,336,601.83
Inventories.....	5	107,700,785.48	133,178,809.97
Other current assets.....		70,123,021.48	66,972,644.47
<b>Total Current Assets.....</b>		<u>505,412,868.36</u>	<u>604,905,885.88</u>
<b>Non-Current Assets:</b>			
Fixed assets.....	6	236,419,606.25	257,874,672.17
Construction in progress.....	7	2,755,795.68	3,382,623.60
Intangible assets.....	8	84,266,014.30	89,131,069.43
<b>Total Non-Current Assets.....</b>		<u>323,441,416.23</u>	<u>350,388,365.20</u>
<b>TOTAL ASSETS.....</b>		<u><u>828,854,284.59</u></u>	<u><u>955,294,251.08</u></u>

**BALANCE SHEET AT 31 DECEMBER 2015 (CONT.)**

	<u>NOTE VI</u>	<u>2015 RMB</u>	<u>2014 RMB</u>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Current Liabilities</b>			
Short-term borrowings .....	11	276,000,000.00	225,000,000.00
Notes payable .....	12	110,600,000.00	72,000,000.00
Accounts payable.....		99,326,399.10	146,150,469.00
Advances from customers .....		4,391,449.01	8,490,040.90
Employee benefits payable.....	13	9,899,170.68	7,968,610.95
Taxes payable.....	14	880,171.35	1,427,783.39
Interest payable.....		876,341.11	940,120.17
Other payables .....	15	77,275,485.58	60,681,627.67
Non-current liabilities due within one year.....	16	-	38,000,000.00
Other current liabilities .....	17	6,797,481.20	9,201,549.02
<b>Total Current Liabilities</b> .....		<u>586,046,498.03</u>	<u>569,860,201.10</u>
<b>TOTAL LIABILITIES</b> .....		<u>586,046,498.03</u>	<u>569,860,201.10</u>
<b>OWNERS' EQUITY:</b>			
Paid-in capital .....	18	514,000,000.00	514,000,000.00
Accumulated losses .....	19	(271,192,213.44)	(128,565,950.02)
<b>TOTAL OWNERS' EQUITY</b> .....		<u>242,807,786.56</u>	<u>385,434,049.98</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b> .....		<u><u>828,854,284.59</u></u>	<u><u>955,294,251.08</u></u>

The accompanying notes are part of the financial statements.

---

Head of the Company

---

Chief Financial Officer

---

Head of Accounting Department

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>NOTE VI</b>	<b>2015 RMB</b>	<b>2014 RMB</b>
<b>Operating income</b> .....	20	429,317,952.76	660,408,591.37
Less: Operating costs.....	21	423,955,811.87	581,198,739.19
Sales tax.....		3,687.41	86,136.87
Selling and distribution expenses .....		58,275,031.55	35,160,754.83
Administrative expenses .....		48,322,474.67	57,386,535.00
Financial expenses .....	22	16,203,414.26	13,121,119.66
Impairment loss in respect of assets.....	23	25,253,059.11	10,300,879.58
<b>Operating loss</b> .....		(142,695,526.11)	(36,845,573.76)
Add: Non-operating income .....	24	521,210.06	1,965,463.40
Less: Non-operating expenses.....		451,947.37	765,254.73
<b>Total loss</b> .....		(142,626,263.42)	(35,645,365.09)
Less: Income tax expenses.....	25	-	-
Net loss .....		(142,626,263.42)	(35,645,365.09)
<b>Other comprehensive income</b> .....		-	-
<b>Total comprehensive expense</b> .....		(142,626,263.42)	(35,645,365.09)

The accompanying notes are part of the financial statements.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

	NOTE VI	2015 RMB	2014 RMB
<b>Cash Flows from Operating Activities</b>			
Cash receipts from the sale of goods and the rendering of services .....		588,620,642.64	636,571,587.06
Receipts of tax refunds .....		4,368,255.80	7,078,668.64
Other cash receipts relating to operating activities .....		4,627,958.12	21,209,725.14
Sub-total of cash inflows .....		597,616,856.56	664,859,980.84
Cash payments for goods purchased and services received.....		433,114,314.96	589,837,382.92
Cash payments to and on behalf of employees.....		68,653,426.04	73,304,408.11
Payments of all types of taxes.....		3,776,093.53	3,087,196.48
Other cash payments relating to operating activities .....		73,528,230.89	29,820,223.93
Sub-total of cash outflows .....		579,072,065.42	696,049,211.44
<b>Net Cash Flows from Operating Activities .....</b>		<b>18,544,791.14</b>	<b>(31,189,230.60)</b>
<b>Cash Flows from Investing Activities</b>			
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets.....		-	8,727.19
Other cash receipts relating to investing activities .....		-	15,000,000.00
Sub-total of cash inflows .....		-	15,008,727.19
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets .....		4,000,611.35	11,267,525.26
Sub-total of cash outflows .....		4,000,611.35	11,267,525.26
<b>Net Cash Flows from Investing Activities .....</b>		<b>(4,000,611.35)</b>	<b>3,741,201.93</b>
<b>Cash Flows from Financing Activities</b>			
Cash receipts from borrowings .....		191,000,000.00	170,000,000.00
Other cash receipts relating to financing activities .....		-	68,260,000.00
<b>Sub-total of cash inflows .....</b>		<b>191,000,000.00</b>	<b>238,260,000.00</b>
<b>Cash repayments of amounts borrowed .....</b>		<b>182,620,000.00</b>	<b>231,060,000.00</b>
Cash payments for distribution of dividends or profit or interest expenses.....		20,234,904.09	18,551,677.04
<b>Sub-total of cash outflows.....</b>		<b>202,854,904.09</b>	<b>249,611,677.04</b>
<b>Net Cash Flows from Financing Activities .....</b>		<b>11,854,904.09</b>	<b>(11,351,677.04)</b>
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents.....		-	-
<b>Net Increase in Cash and Cash Equivalents .....</b>		<b>2,689,275.70</b>	<b>(38,799,705.71)</b>
Add: Opening balance of Cash and Cash Equivalents.....		30,352,082.72	69,151,788.43
Closing Balance of Cash and Cash Equivalents .....	26	33,041,358.42	30,352,082.72

The accompanying notes are part of financial statement.

**STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Paid-in capital RMB</b>	<b>Capital reserve RMB</b>	<b>Accumulated losses RMB</b>	<b>Total owners' equity RMB</b>
I. Balance at 1 January 2015.....	514,000,000.00	–	(128,565,950.02)	385,434,049.98
II. Changes for the year				
(I) Net loss .....	–	–	(142,626,263.42)	(142,626,263.42)
III. Balance at 31 December 2015.....	<u>514,000,000.00</u>	<u>–</u>	<u>(271,192,213.44)</u>	<u>242,807,786.56</u>
I. Balance at 1 January 2014.....	514,000,000.00	–	(92,920,584.93)	421,079,415.07
II. Changes for the year				
(I) Net loss .....	–	–	(35,645,365.09)	(35,645,365.09)
III. Balance at 31 December 2014.....	<u>514,000,000.00</u>	<u>–</u>	<u>(128,565,950.02)</u>	<u>385,434,049.98</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### I. GENERAL

Mahindra Yueda (Yancheng) Tractor Co., Ltd. (the "Company") was a limited company incorporated in Yancheng, Jiangsu on 28 November 2008. The Company principally engages in the production, sales and after-sales service of tractors, mechanised farm implements, other farm machineries and farm machinery parts.

The Company's parent company is Mahindra Overseas Investment Company (Mauritius) Ltd. ("Mahindra Mauritius"), and the ultimate holding company is Mahindra & Mahindra Limited.

On 30 August 2015, the shareholder Jiangsu Yueda Yancheng Tractor Manufacturing Co., Ltd. ("Yueda Tractor") signed an equity transfer agreement with Jiangsu Yueda Investment Co., Ltd (Yueda Investment), Yueda Tractor agreed to transfer 49% shares to Yueda Investment. All rights and obligations relating to the original joint venture arrangement are transferred to Yueda Investment. The alteration of the articles of association, appointment of board members, and jointed operation agreement has been completed before 31 December 2015.

Details of capital contributions paid by the investing parties are set out in Note VI.18.

### II. STATEMENT OF COMPLIANCE WITH THE ASBE

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises, and present truly and completely, the Company's financial position as of 31 December 2015, and the Company's results of operations and cash flows for the year then ended.

### III. BASIS OF PREPARATION

At 31 December 2015, the Company's accumulated losses were RMB 271,192,213.44, total current liabilities exceeded total current assets RMB 80,633,629.67. The Company's management has taken into consideration of the future cash flows in preparing the financial statements. Taking into account the financial resources available, the Company believes that it has sufficient financial resources to meet the demand of future twelve month's operation. Accordingly, the financial statements have been prepared on a going concern basis.

### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1. Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

#### 2. Functional currency

RMB is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is RMB.

#### 3. Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Company has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

#### 4. Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### 5. Financial Instruments

When the Company becomes a party to the contractual provisions of a financial instrument, related financial assets or financial liabilities are recognized. Financial assets and financial liabilities are initially recognized at fair value. For financial assets and financial liabilities classified as at fair value through profit or loss, related transaction costs are charged to the profit or loss for the current period; for financial assets and financial liabilities classified as other categories, related transaction costs are included in the initial recognition amounts.

#### 5.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and meanwhile considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts etc.

#### 5.2 Classification, recognition and measurement of financial assets

On initial recognition, the Company's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include notes receivable, accounts receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

#### 5.3 Impairment of financial assets

The Company assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Company determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes evidence arising from the following events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It is becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - Adverse changes in the payment status of borrowers in the group;
  - National or local economic conditions that correlate with the defaults on the assets in the group;

- (7) Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- (9) Other objective evidence indicating there is an impairment of a financial asset.

*Impairment of financial assets carried at amortised cost*

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal does not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. For a financial asset that is not individually significant, the Company assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

*5.4 Derecognition of financial assets*

The Company derecognizes a financial asset only when: (1) the contractual rights to receive the cash flows from the financial asset expire; or (2) it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to the transferee; or (3) it transfers the financial asset, neither transfers nor retains substantially all the risks and rewards of ownership but has not retained control of the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

*5.5 Classification, recognition and measurement of financial liabilities*

The Company classifies debt instruments into financial liabilities on the basis of the substance of the contractual arrangements and definitions of financial liability.

On initial recognition, financial liabilities are classified into other financial liabilities.

*Other financial liabilities*

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognized in profit or loss.

*5.6 Derecognition of financial liabilities*

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

*5.7 Offsetting financial assets and financial liabilities*

Where the Company has a legal right that is currently enforceable to set off the recognized amounts, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount presented in the balance sheet. Except for the circumstances above, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

*5.8 Equity instruments*

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity.

No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**6. Inventories**

The Company's inventories mainly include raw materials, work in progress-outsourced, work in process and finished goods. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

Inventories are accounted for using the weighted average method upon delivery.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is made.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Purpose of inventories being held and effect of the post balance sheet events shall be taken into consideration in determining the net realizable value based on the conclusive evidence available.

Provision for decline in value of inventories is made based on the excess of cost of inventory compared with its net realizable value on an item-by-item basis.

After provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down no longer exist, resulting in the cost of inventories being higher than their net realizable value, the original provision for decline in value is reversed and the reversal is included in profit or loss for the current period.

The perpetual inventory system is adopted for stock count.

7. Fixed assets and depreciation

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

If it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

Depreciation of a fixed asset is provided over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Classes	Useful life	Estimated net residual value rates	Annual depreciation rates
Buildings	12-40 years	2%	2.5-8.2%
Plant and machinery	10 years	2%	9.8%
Electronic equipment, furniture and fixtures	6 years	2%	16.3%
Motor vehicles	6-10 years	2%	9.8-16.3%

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

If a fixed asset is on disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end, and account for any change as a change in an accounting estimate.

8. Construction in progress

Cost of construction in progress is determined as the expenditure actually incurred for the construction, comprising all expenditure incurred for construction projects, capitalized borrowing costs incurred on a specific borrowing for the construction before it has reached working condition for its intended use, and other related expenses. No depreciation is provided for construction in progress. Construction in progress is transferred to a fixed asset when it is ready for intended use.

9. Intangible assets

Intangible assets include land use rights, trademark and software.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method.

For an intangible asset with a finite useful life, the Company reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

9.1. Research and development expenditure

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred.

Expenditure on the development phase is recognized as an intangible asset only when the Company can demonstrate all of the following below. Otherwise, it is charged to profit or loss:

- (1) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

- (2) Its intention to complete the intangible asset and use or sell it;
- (3) How the intangible asset will generate economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) Its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

If the expenditure on the research phase and on the development phase cannot be identified, the expenditure incurred should be recognized in full in profit or loss for the current period.

10. Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that fixed assets, construction in progress, intangible assets with finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets.

Recoverable amount is estimated on individual basis. If it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. The recoverable amount is the higher of an asset's or an asset group's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset group.

If the recoverable amount of an asset or an asset group is less than its carrying amount, the difference is recognized in profit or loss and provision for impairment loss of the asset is recognized accordingly.

Once an impairment loss on the above assets is recognized, it is not reversed in a subsequent period.

11. Estimated liabilities

An obligation related to a contingency is recognized as a provision when all of the following conditions are satisfied: (1) the obligation is a present obligation of the Company; (2) it is probable that an outflow of economic benefits will be required to settle the obligation; and (3) the amount of the obligation can be measured reliably.

At the balance sheet date, a provision is measured at the best estimate of the expenditure required to settle the related present obligation, taking into account the factors pertaining to a contingency such as the risks, uncertainties and time value of money.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

12. Employee benefits

In the accounting period in which an employee has rendered services, the Company recognizes the employee benefits payable for those services as a liability.

Expenditure related to payments for employees' social welfare system established by the State, including pensions, medical insurance, housing funds and other social welfare contributions, is included in the cost of related assets or profit or loss for the period in which they are incurred.

13. Revenue recognition

13.1 Revenue from the sale of goods

Revenue from the sale of goods is recognized only when all of the following conditions are satisfied: (1) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably;



(4) it is probable that the associated economic benefits will flow to the Company; and (5) the associated costs incurred or to be incurred can be measured reliably.

14. Government grants

Government grants are the transfer of monetary assets from the government to the Company at no consideration. A government grant is recognized when the Company complies with the conditions attaching to the grant and when the Company is able to receive the grant.

If the government grant is a monetary asset, the government grant should be recognized by the amount received or receivable.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period.

15. Borrowing costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, capitalization of such borrowing costs can commence only when all of the following conditions are satisfied: (1) expenditures for the asset are being incurred; (2) borrowing costs are being incurred; and (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale.

The amount of other borrowing costs incurred is recognized as expenses in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the amount of interest to be capitalized on such borrowings is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

16. Income taxes

Income taxes include current income taxes, deferred tax assets and deferred tax liabilities.

16.1. Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

16.2. Deferred tax assets and deferred tax liabilities

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base, or the difference between the tax base and the carrying amount of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws, are recognized as deferred tax assets and deferred tax liabilities using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill or the initial recognition of an asset or liability arising from a transaction that is not a business combination and does

not affect neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For the carry forward of deductible losses and tax credits, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, which are expected to apply to the period in which the asset is realized or the liability is settled according to tax laws.

Current and deferred tax expenses or income are recognized in profit or loss for the current period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in equity, in which case they are recognized in other comprehensive income or in equity, and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

16.3. Offset of deferred tax assets and deferred tax liabilities

When the Company has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Company has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

17. Translations of transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying an exchange rate that approximates the actual spot exchange rate on the date of transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period.

Foreign currency non-monetary items measured at historical cost continue to be translated at the spot exchange rates at the dates of transactions, the amounts in functional currency remain unchanged. Foreign currency non-monetary items carried at fair value are translated using the spot exchange rates at the date when the fair value was determined. Differences between the translated amount and the original amount of functional currency are accounted for as changes in fair value (including changes in foreign exchange rates) and included in profit or loss for the period or owners' equity.

18. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

18.1. The Company records operating leases as lessee

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the current period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

**V. BASIS OF DETERMINING SIGNIFICANT ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES**

In the application of the Company's accounting policies, which are described in Note IV, the Company is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Company's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

- Critical judgments in applying accounting policies

**Useful lives of fixed assets and intangible assets**

The Company reviews the useful lives of fixed assets and intangible assets at least at each financial year-end. When the re-estimation results regarding the useful lives of fixed assets and intangible assets differ from the existing estimate, the difference will affect the net book value of fixed assets and intangible assets in the period of the change.

**Provision for decline in value of inventories**

The Company's inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories shall be recognized. The provision for decline in value of inventories requires judgments and estimate. If re-estimation results differ from the existing estimates, the difference will affect the net book value of inventories in the period of the change.

**VII. NOTES TO THE FINANCIAL STATEMENTS**
**1. Currency funds**

	2015 RMB	2014 RMB
Cash	6,920.85	6,118.78
Bank balance	33,034,437.57	30,345,963.94
Other currency funds	70,640,000.00	33,630,000.00
	<b><u>103,681,358.42</u></b>	<b><u>63,982,082.72</u></b>

Among which the restricted currency funds are as follows:

	2015 RMB	2014 RMB
Other currency funds		
- Pledged for bank acceptance bills	70,640,000.00	32,100,000.00
- Pledged for letter of credit	-	1,500,000.00
- Others	-	30,000.00
<b>Total</b>	<b><u>70,640,000.00</u></b>	<b><u>33,630,000.00</u></b>

**2. Notes receivables**

	2015 RMB	2014 RMB
Bank acceptance bills	<b><u>3,160,000.00</u></b>	<b><u>620,000.00</u></b>

**3. Accounts receivable**

The aging analysis of accounts receivable is as follows:

	2015				2014			
	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB
Within 1 year	174,332,003.34	76	4,146,056.49	170,185,946.85	298,815,786.69	87	1,514,697.08	297,301,089.61
1-2 years	36,155,220.28	16	4,136,184.03	32,019,036.25	26,579,304.64	8	1,491,000.40	25,088,304.24
2-3 years	8,848,900.96	4	3,963,824.90	4,885,076.06	9,852,179.37	3	6,647,542.15	3,204,637.22
Over 3 years	9,357,085.11	4	8,368,389.41	988,695.70	6,060,507.24	2	214,674.65	5,845,832.59
<b>Total</b>	<b><u>228,693,209.69</u></b>	<b><u>100</u></b>	<b><u>20,614,454.83</u></b>	<b><u>208,078,754.86</u></b>	<b><u>341,307,777.94</u></b>	<b><u>100</u></b>	<b><u>9,867,914.28</u></b>	<b><u>331,439,863.66</u></b>

**Impairment of accounts receivable**

The Company recognizes bad debt on the based on judgments of collectability of receivables. If there is objective evidence that account receivables could not be received, the bad debt should be recognized. The determination of bad debts requires judgments and estimates. If re-estimation results differ from the existing estimates, the difference will affect the net book value of account receivables in the period of the change.

**Recognition of Deferred tax assets**

The recognition of deferred tax assets depends on the future profit and temporary difference, also the tax rate of future years. Cause of uncertainty of when the temporary difference and deductible loss can be utilized, the Company did not recognize defer tax assets of temporary difference RMB 86,625,886.39(31 Dec 2014: RMB 40,103,943.49) and deductible losses RMB 173,336,528.77(31 Dec 2014: RMB 75,737,173.94).

**VI. TAXATION**
**VAT**

Value added tax ("VAT") on sales is calculated at 13% on revenue according to the relevant requirements of tax laws and paid after deducting input VAT on purchases.

**Income Taxes**

The Company has been recognised as a high-new technology enterprise and obtained the certificate numbered as GR201232001792 with an effective period of three years from 2012 to 2014. On November 2015, the Company has been verified for the qualification of the second batch of High Tech Enterprises (Su Gao Qi Xie 2015 No.16), and the Company enjoy the preferential tax rate of 15% from 2015 to 2018.

Changes in the bad debt provision for uncollectible accounts receivable are as follows:

	2015 RMB	2014 RMB
Balance at beginning of year	9,867,914.28	6,886,801.31
Additions	11,570,826.41	3,128,742.55
Written off	(824,285.86)	(147,629.58)
Balance at end of year	<b><u>20,614,454.83</u></b>	<b><u>9,867,914.28</u></b>

## 4. Other receivables

The aging analysis of other receivables is as follows:

	2015				2014			
	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB
Within 1 year	6,006,780.33	51	-	6,006,780.33	3,835,599.22	38	-	3,835,599.22
1-2 years	1,125,621.62	11	-	1,125,621.62	6,214,068.03	62	4,730,000.00	1,484,068.03
2-3 years	4,730,000.00	38	4,730,000.00	-	-	-	-	-
Over 3 years	-	-	-	-	16,934.58	-	-	16,934.58
<b>Total</b>	<b><u>11,862,401.95</u></b>	<b><u>100</u></b>	<b><u>4,730,000.00</u></b>	<b><u>7,132,401.95</u></b>	<b><u>10,066,601.83</u></b>	<b><u>100</u></b>	<b><u>4,730,000.00</u></b>	<b><u>5,336,601.83</u></b>

Changes in the bad debt provision for uncollectible other receivables are as follows:

	2015 RMB
Balance at end and beginning of year	<b><u>4,730,000.00</u></b>

## 5. Inventories

	2015 RMB	2014 RMB
Cost		
Raw materials	65,003,935.42	74,967,073.48
Work-in-progress	11,247,123.43	12,076,808.87
Finished goods	48,379,003.87	50,613,843.65
	124,630,062.72	137,657,726.00
Less: provision for the decline in value of inventories	16,929,277.24	4,478,916.03
Total of inventories	<b><u>107,700,785.48</u></b>	<b><u>133,178,809.97</u></b>

Changes in write-down of inventories are as follows:

	1/1/2015 RMB	Additions RMB	Written off RMB	31/12/2015 RMB
Provision for decline in value of inventories:				
Raw materials	<b><u>4,478,916.03</u></b>	<b><u>13,682,232.70</u></b>	<b><u>(1,231,871.49)</u></b>	<b><u>16,929,277.24</u></b>

## 6. Fixed assets

	Buildings RMB	Plant and machinery RMB	Electronic equipment, furniture & fixtures RMB	Transportation equipment RMB	Total RMB
Cost					
1 January 2015	191,859,972.20	160,096,942.01	16,235,271.11	4,117,452.72	372,309,638.04
Additions	-	72,114.59	172,622.20	127,489.02	372,225.81
Transfer from construction in progress	163,072.00	192,998.11	1,559,729.06	-	1,915,799.17
Disposals	-	(56,900.91)	-	-	(56,900.91)
31 December 2015	<b><u>192,023,044.20</u></b>	<b><u>160,305,153.80</u></b>	<b><u>17,967,622.37</u></b>	<b><u>4,244,941.74</u></b>	<b><u>374,540,762.11</u></b>
Accumulated Depreciation					
1 January 2015	27,285,449.74	77,191,072.54	6,788,937.92	3,169,505.67	114,434,965.87
Charges for the year	6,577,134.26	14,935,382.00	1,811,514.28	364,307.24	23,688,337.78
Eliminated on disposals	-	(2,147.79)	-	-	(2,147.79)
31 December 2015	<b><u>33,862,584.00</u></b>	<b><u>92,124,306.75</u></b>	<b><u>8,600,452.20</u></b>	<b><u>3,533,812.91</u></b>	<b><u>138,121,155.86</u></b>
Net book value					
1 January 2015	<b><u>164,574,522.46</u></b>	<b><u>82,905,869.47</u></b>	<b><u>9,446,333.19</u></b>	<b><u>947,947.05</u></b>	<b><u>257,874,672.17</u></b>
31 December 2015	<b><u>158,160,460.20</u></b>	<b><u>68,180,847.05</u></b>	<b><u>9,367,170.17</u></b>	<b><u>711,128.83</u></b>	<b><u>236,419,606.25</u></b>
Net book value of pledged fixed assets (Note)					
1 January 2015	<b><u>107,913,709.73</u></b>	<b><u>49,967,050.51</u></b>	-	-	<b><u>157,880,760.24</u></b>
31 December 2015	<b><u>128,974,802.86</u></b>	-	-	-	<b><u>128,974,802.86</u></b>

Note: The assets were pledged as collateral for short-term borrowings, details refer to Note VII 11.

MAHINDRA YUEDA (YANCHENG) TRACTOR COMPANY LIMITED

7. Construction in progress

Items	1/1/2015 RMB	Additions RMB	Completed and transferred to fixed assets RMB	31/12/2015 RMB
Other project	<b>3,382,623.60</b>	<b>1,288,971.25</b>	<b>(1,915,799.17)</b>	<b>2,755,795.68</b>
Including: Capitalisation of borrowing costs	<b>387,233.94</b>			<b>-</b>

During the year, borrowing costs capitalised amounted to RMB 0 (2014: RMB 387,233.94), the capitalisation rate of 2014 was 6.85% for calculation of capitalised borrowing costs in 2014.

8. Intangible assets

	Know-how RMB	Land use right RMB	Trademark RMB	Software RMB	Total RMB
Cost					
1 January 2015	19,709,710.16	72,737,078.60	10,184,391.00	2,874,213.77	105,505,393.53
Additions	-	-	-	183,670.94	183,670.94
31 December 2015	19,709,710.16	72,737,078.60	10,184,391.00	3,057,884.71	105,689,064.47
Accumulated Depreciation					
1 January 2015	656,990.33	8,437,904.81	6,055,072.36	1,224,356.60	16,374,324.10
Charges for the year	1,970,971.02	1,509,833.91	1,032,613.65	535,307.49	5,048,726.07
31 December 2015	2,627,961.35	9,947,738.72	7,087,686.01	1,759,664.09	21,423,050.71
Net book value					
1 January 2015	<b>19,052,719.83</b>	<b>64,299,173.79</b>	<b>4,129,318.64</b>	<b>1,649,857.17</b>	<b>89,131,069.43</b>
31 December 2015	<b>17,081,748.81</b>	<b>62,789,339.88</b>	<b>3,096,704.99</b>	<b>1,298,220.62</b>	<b>84,266,014.30</b>
Remaining years for amortisation	5	43-47	5	1-5	

As at 31 December 2015, land use right with a carrying value of RMB 62,789,339.88 (2014: RMB 64,299,173.79) was pledged as collateral for bank borrowings of RMB 80,000,000.00 (2014: RMB 75,000,000.00).

9. Provision for impairment loss of assets

	1/1/2015 RMB	Provided for the year RMB	Written off RMB	31/12/2015 RMB
Bad debt provision	14,597,914.28	11,570,826.41	(824,285.86)	25,344,454.83
Provision for decline in value of inventories	4,478,916.03	13,682,232.70	(1,231,871.49)	16,929,277.24
<b>Total</b>	<b>19,076,830.31</b>	<b>25,253,059.11</b>	<b>2,056,157.35</b>	<b>42,273,732.07</b>

10. Assets with restrictions on ownership

Category of assets with restrictions on ownership	2015 RMB	2014 RMB
I. Assets pledged as collateral		
Buildings	128,974,802.86	107,913,709.73
Plant & Machinery	-	49,967,050.51
Land use rights	62,789,339.88	64,299,173.79
	191,764,142.74	222,179,934.03
II. Pledged bank deposit (Note VII. 1)	70,640,000.00	33,630,000.00
	<b>262,404,142.74</b>	<b>255,809,934.03</b>

## 11. Short-term Borrowings

Category	2015 RMB	2014 RMB
Guarantee loans (note 1)	175,000,000.00	137,500,000.00
Collateral loans (note 2)	100,000,000.00	87,500,000.00
Unsecured loans	1,000,000.00	–
<b>Total</b>	<b>276,000,000.00</b>	<b>225,000,000.00</b>

## Notes:

- As at 31 December 2015, RMB 150,000,000 in the guarantee loans was supported by a Letter of Comfort issued by Mahindra & Mahindra Limited, the ultimate holding company of the Company, and RMB 25,000,000.00 was credit supported by the third party 'Yanchen Rong Nan Machinery Manufacturing Co., Ltd.'
- For category and amount of collateral assets, refer to Notes VII. 6 and 8.

## 12. Notes payable

	2015 RMB	2014 RMB
Bank acceptance	<b>110,600,000.00</b>	<b>72,000,000.00</b>

## 13. Employee benefits payable

Items	1/1/2015 RMB	Accruals RMB	Payments RMB	31/12/2015 RMB
Wages or salaries, bonuses, allowances, subsidies	7,636,102.77	49,472,615.10	(47,502,619.08)	9,606,098.79
Staff welfare	–	3,960,729.65	(3,960,729.65)	–
Including: Medical insurance	–	3,185,819.32	(3,185,819.32)	–
Injury insurance	–	577,578.99	(577,578.99)	–
Maternity insurance	–	197,331.34	(197,331.34)	–
Housing funds	–	3,023,077.40	(3,023,077.40)	–
Union running costs and employee education costs	54,250.00	5,418,816.34	(5,423,366.34)	49,700.00
Planned contribution	–	7,628,046.27	(7,628,046.27)	–
Including: Basic pensions	–	7,065,543.94	(7,065,543.94)	–
Unemployment insurance	–	562,502.33	(562,502.33)	–
Union running costs and employee education costs	278,258.18	1,080,701.01	(1,115,587.30)	243,371.89
<b>Total</b>	<b>7,968,610.95</b>	<b>70,583,985.77</b>	<b>(68,653,426.04)</b>	<b>9,899,170.68</b>

## 14. Tax payable

	2015 RMB	2014 RMB
Other taxes	<b>880,171.35</b>	<b>1,427,783.39</b>

## 15. Other payables

	2015 RMB	2014 RMB
Sales discounts and allowances	65,246,852.70	34,527,915.70
Borrowings	5,727,462.67	16,981,950.17
Purchase of fixed assets	4,142,528.16	6,298,271.51
Others	2,158,642.05	2,873,490.29
<b>Total</b>	<b>77,275,485.58</b>	<b>60,681,627.67</b>

## 16. Non-current liabilities due within one year

	2015 RMB	2014 RMB
Long-term borrowings due within one year	–	<b>38,000,000.00</b>

MAHINDRA YUEDA (YANCHENG) TRACTOR COMPANY LIMITED

17. Other current liabilities

	2015 RMB	2014 RMB
Product quality warranty and other accrued expenses	<u>6,797,481.20</u>	<u>9,201,549.02</u>

18. Paid-in capital

The registered capital of the Company is RMB 514,000,000.00; which has been fully paid-up by 31 December 2015. The investors' capital contributions which have been made in accordance with the Company's memorandum and articles are as follows:

	2015		2014	
	RMB	Ratio %	RMB	Ratio %
Mahindra Mauritius	262,140,000.00	51	262,140,000.00	51
Yueda Tractors	-	-	251,860,000.00	49
Yueda Investment	251,860,000.00	49	-	-
	<u>514,000,000.00</u>	<u>100</u>	<u>514,000,000.00</u>	<u>100</u>

The above capital contributions have been verified by capital verification report Suzhengzhong Yanzi (2009) No. 4, (2009) No. 6, (2009) No. 66, (2012) No. 24 and (2014) No. 2 issued by Jiangsu Zheng Zhong Certified Public Accountants Co., Ltd.

19. Accumulated losses

	2015 RMB	2014 RMB
Accumulated losses at beginning of year	(128,565,950.02)	(92,920,584.93)
Add: Net loss of the year	(142,626,263.42)	(35,645,365.09)
Accumulated losses at end of year	<u>(271,192,213.44)</u>	<u>(128,565,950.02)</u>

20. Operating income

	2015 RMB	2014 RMB
Principal operating activities	401,689,732.60	631,189,905.33
Export sale	30,326,592.55	101,875,272.61
Domestic sales	371,363,140.05	529,314,632.72
Other operating activities	27,628,220.16	29,218,686.04
Sales of materials	27,628,220.16	29,218,686.04
<b>Total</b>	<u>429,317,952.76</u>	<u>660,408,591.37</u>

21. Operating costs

	2015 RMB	2014 RMB
Principal operating activities	394,650,127.39	552,929,874.37
Cost of export sales	32,054,587.86	90,742,805.28
Cost of domestic sales	362,595,539.53	462,187,069.09
Other operating activities	29,305,684.48	28,268,864.82
Cost of sales of materials	29,305,684.48	28,268,864.82
<b>Total</b>	<u>423,955,811.87</u>	<u>581,198,739.19</u>

22. Financial expenses

	2015 RMB	2014 RMB
Interest expense	20,171,125.03	21,469,400.38
Less: Capitalised interest (Note VII. 7)	-	3,180,297.55
Less: Interest income	4,106,748.06	5,379,566.42
Subtotal	16,064,376.97	12,909,536.41
Exchange differences	(191,081.53)	(26,512.65)
Others	330,118.82	238,095.90
<b>Total</b>	<u>16,203,414.26</u>	<u>13,121,119.66</u>

23. Asset impairment		
	2015	2014
	RMB	RMB
Bad debt losses	11,570,826.41	7,858,742.55
Write-down of inventories	13,682,232.70	2,442,137.03
<b>Total</b>	<b>25,253,059.11</b>	<b>10,300,879.58</b>
24. Non-operating income		
	2015	2014
	RMB	RMB
Government grant	824,152.84	1,422,935.20
Gains on disposal of fixed assets	-	5,304.68
Compensation and donation income	8,460.50	66,244.87
Others	(311,403.28)	470,978.65
<b>Total</b>	<b>521,210.06</b>	<b>1,965,463.40</b>
25. Income tax		
	2015	2014
	RMB	RMB
Current tax expense	-	-
Under provision in prior years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Reconciliation of income tax expenses to the accounting loss is as follows:		
	2015	2014
	RMB	RMB
Accounting loss	(142,626,263.42)	(35,645,365.09)
Income tax expenses calculated at 15% (2014: 15%)	(21,393,939.51)	(5,346,804.76)
Tax effect of expenses that are not deductible for tax purposes	270,066.99	249,760.96
Effect of unrecognized deductible losses and temporary deductible differences	21,123,872.52	5,097,043.80
Income tax expense	-	-
Deferred tax assets are not recognised for the following deductible temporary differences and deductible losses due to the unpredictably of future profit streams:		
	2015	2014
	RMB	RMB
Bad debt provision	25,344,454.83	14,597,914.28
Inventory provision	16,929,277.24	4,478,916.03
Other temporary difference	44,352,154.32	21,027,113.18
Deductible losses	173,336,528.77	75,737,173.94
<b>Total</b>	<b>259,962,415.16</b>	<b>115,841,117.43</b>
The deductible losses which are not recognised as deferred tax assets will expire in the following years:		
	2015	2014
	RMB	RMB
2017 (Note)	55,480,733.41	55,480,733.41
2018 (Note)	5,166,236.03	5,166,236.03
2019	18,385,685.40	15,090,204.50
2020	94,303,873.93	-
<b>Total</b>	<b>173,336,528.77</b>	<b>75,737,173.94</b>
Note: The deductible losses which will expire in 2019 has been adjusted according to authentication report on 2014 income tax final assessment.		
26. Cash and cash equivalents		
	2015	2014
	RMB	RMB
Cash on hand	6,920.85	6,118.78
Bank demand deposits	33,034,437.57	30,345,963.94
Cash and cash equivalent balances	33,041,358.42	30,352,082.72
Restricted cash and cash equivalents (Note VII. 1)	<b>70,640,000.00</b>	<b>33,630,000.00</b>

## 27. Supplementary information to the cash flow statement

	2015 RMB	2014 RMB
Reconciliation of net loss to cash flow from operating activities		
Net loss	(142,626,263.42)	(35,645,365.09)
Add: Provision for asset impairment	25,253,059.11	10,300,879.58
Depreciation of fixed assets	23,688,337.78	21,562,055.93
Amortisation of intangible assets	5,048,726.07	3,758,885.40
Gains on disposal of fixed assets, intangible assets and other long-term assets	–	(5,304.68)
Financial expenses	20,171,125.03	18,289,102.83
Decrease in inventories (less increase)	11,850,544.91	10,318,977.80
Increase in operating receivables	105,569,912.00	(97,973,752.55)
Increase in operating payables (less decrease)	6,599,349.66	24,335,290.18
Decrease in restricted cash and cash equivalents (less increase)	(37,010,000.00)	13,870,000.00
Net cash flow from operating activities	<b>18,544,791.14</b>	<b>(31,189,230.60)</b>
Net changes in cash and cash equivalents		
Closing balance of cash	33,041,358.42	30,352,082.72
Less: Opening balance of cash	30,352,082.72	69,151,788.43
Net increase in cash and cash equivalents	<b>2,689,275.70</b>	<b>(38,799,705.71)</b>

**VIII. Related Party Relationships and Transactions**

## (1) Nature of relationship with related parties where a control relationship exists:

Name	Registered place	Relationship with the Company	Proportion of voting power and shareholdings
Mahindra Mauritius	Mauritius	Parent company	51%
Mahindra & Mahindra Limited	India	Ultimate holding company	51%

## (2) Nature of relationship with related parties where a control relationship does not exist:

Name	Relationship with the Company
Yueda Tractor	the Chinese investor (Transferred in 2015)
Yueda Investment	the Chinese investor

## (3) Significant transactions between the Company and the above related parties in current year:

## (a) Purchases

Purchases between the Company and its related parties are as follows:

	2015 RMB	2014 RMB
Purchases		
– Mahindra & Mahindra Limited	3,482,746.47	2,264,732.87
– Yueda Tractor	181,528.81	9,763.08
	<b>3,664,275.28</b>	<b>2,274,495.95</b>

## (b) Borrowings/loans

Details of borrowings and loans between the Company and its related parties are as follows:

	Amount incurred during 2015 RMB	Balance as of 31/12/2015 RMB	Amount incurred during 2014 RMB	Balance as of 31/12/2014 RMB	Annual interest rate %
– Yueda Tractor	<b>(4,000,000.00)</b>	–	<b>(9,000,000.00)</b>	<b>4,000,000.00</b>	<b>7.2</b>

## (c) Others

Details of other transactions between the Company and its related party are as follows:

	2015 RMB	2014 RMB
Interest Expense		
– Yueda Tractor	557,506.09	1,394,248.00



## (d) Balance due to/from related parties

Accounts	Name of related parties	2015 RMB	2014 RMB
Other receivables	Mahindra & Mahindra Limited	1,488,037.92	–
Other payables	Yueda Tractor	–	8,098,955.47
	Mahindra & Mahindra Limited	–	1,574,515.84
		–	<b>9,673,471.31</b>

**IX. Financial Instruments and Risk Management**

The Company's major financial instruments include currency funds, borrowings, accounts receivable, other receivables, notes payable, account payables and other payables. Details of these financial instruments are disclosed in Note VII. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## 1. Risk management objectives and policies

The Company's risk management objectives are to achieve proper balance between risks and yield, minimise the adverse impacts of risks on the Company's operation performance, and maximise the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyse the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## 1.1. Market risk

## 1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with USD. Except for overseas sales denominated in USD, the Company's other principal activities are denominated and settled in RMB. As at 31 December 2015, except for the following assets denominated in USD, the other assets and liabilities balances are all denominated in RMB. Those assets denominated in USD are exposed to currency risk and may influence the operating results of the Company.

	2015 RMB	2014 RMB
Currency funds	<b>706,806.73</b>	<b>2,166,921.05</b>

The Company closely monitors the effects of changes in the foreign exchange rates on the Company's currency risk exposures. Currently, the Company has not taken any measurements to mitigate the currency risk.

## 1.1.2. Interest rate risk - risk of changes in cash flow

The Company's cash flow interest risk relates primarily to variable-rate borrowings through the variable-rate bank borrowings. As at 31 December 2015, variable-rate bank borrowings amounted to RMB 175,000,000.00 (2014: RMB 58,000,000.00).

## 1.2. Credit risk

As at 31 December 2015, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

In order to minimize the credit risk, the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company has adopted a policy of only dealing with creditworthy counterparties, and has no significant concentration of credit risk.

## 1.3. Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial liabilities held by the Company which is based on undiscounted remaining contractual obligations:

	Within 1 year RMB	Undiscounted cash flows RMB	Net book value RMB
Financial liabilities:			
Short-term borrowings	280,571,066.58	280,571,066.58	276,000,000.00
Notes payable	110,600,000.00	110,600,000.00	110,600,000.00
Accounts payable	99,326,399.10	99,326,399.10	99,326,399.10
Interest payable	876,341.11	876,341.11	876,341.11
Other payables	77,275,485.58	77,275,485.58	77,275,485.58
	<b>568,649,292.37</b>	<b>568,649,292.37</b>	<b>564,078,225.79</b>

2. Fair value

Fair values of the financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values.

3. Sensitivity analysis

The Company adopts sensitivity analysis techniques to analyze how the entity's profit and loss for the period and owners' equity would have been affected by changes in the relevant risk variables that were reasonably possible. As it is unlikely that risk variables will change in an isolated manner, and the interdependence between risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following items are based on the assumption that each risk variable has changes on a stand-alone basis.

3.1 Currency risk

Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period or equity:

Item	Changes in exchange rate	2015	2014
		Effect on profits RMB	Effect on profits RMB
USD	5% increase against RMB	35,340.34	108,346.05
USD	5% decrease against RMB	(35,340.34)	(108,346.05)

3.2 Sensitivity analysis on interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2015 would decrease/increase by RMB 482,397.00 (2014: RMB 290,000.00). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowing.

X. COMMITMENTS

Capital commitment

	2015 RMB'000	2014 RMB'000
Contracted but not provided in financial statements		
Commitment for acquisition of non-current assets	2,016	1,274

XI. Pending Litigation

One of our supplier prosecute us on a cases and the judicial action is ongoing. The impact of this litigation cannot determine till the date of this report, no more information is disclosed.

## **SUPPLEMENTARY INFORMATION**

The attached financial statements in INR are prepared by management for the convenience of users, and do not form part of the audited financial statements.

The attached financial statements are translated in accordance with the following policy: all the financial statement items (including comparative figures) are translated at RMB1:00 = INR10.24, which is the spot rate at 31 December 2015.

**BALANCE SHEET AT 31 DECEMBER 2015**

	<b>NOTE III</b>	<b>2015 INR</b>	<b>2014 INR</b>
<b>Current Assets:</b>			
Currency funds.....	1	1,061,811,159.72	655,246,907.34
Notes receivable.....	2	32,361,876.00	6,349,482.00
Accounts receivable.....	3	2,130,955,336.40	3,394,308,787.73
Advances to suppliers.....		56,700,322.98	34,572,757.75
Other receivables.....	4	73,043,641.61	54,652,673.00
Inventories.....	5	1,102,974,514.18	1,363,897,510.78
Other current assets.....		718,136,875.28	685,873,549.28
<b>Total Current Assets.....</b>		<u>5,175,983,726.17</u>	<u>6,194,901,667.88</u>
<b>Non-Current Assets:</b>			
Fixed assets.....	6	2,421,196,829.57	2,640,920,305.16
Construction in progress.....	7	28,222,379.13	34,641,786.55
Intangible assets.....	8	862,976,679.05	912,800,195.14
<b>Total Non-Current Assets.....</b>		<u>3,312,395,887.75</u>	<u>3,588,362,286.85</u>
<b>TOTAL ASSETS.....</b>		<u><u>8,488,379,613.92</u></u>	<u><u>9,783,263,954.73</u></u>

**BALANCE SHEET AT 31 DECEMBER 2015 (CONT.)**

	NOTE III	2015 INR	2014 INR
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Current Liabilities</b>			
Short-term borrowings .....	11	2,826,543,600.00	2,304,247,500.00
Notes payable .....	12	1,132,665,660.00	737,359,200.00
Accounts payable.....		1,017,211,585.83	1,496,741,568.07
Advances from customers .....		44,973,268.46	86,947,357.86
Employee benefits payable.....	13	101,378,396.85	81,607,341.60
Taxes payable.....	14	9,013,922.81	14,622,072.48
Interest payable.....		8,974,696.94	9,627,864.67
Other payables .....	15	791,385,975.37	621,446,617.13
Non-current liabilities due within one year.....	16	-	389,161,800.00
Other current liabilities .....	17	69,613,684.72	94,233,983.67
<b>Total Current Liabilities</b> .....		<u>6,001,760,790.98</u>	<u>5,835,995,305.48</u>
<b>TOTAL LIABILITIES</b> .....		<u>6,001,760,790.98</u>	<u>5,835,995,305.48</u>
<b>OWNERS' EQUITY:</b>			
Paid-in capital .....	18	5,263,925,400.00	5,263,925,400.00
Accumulated losses .....	19	(2,777,306,577.06)	(1,316,656,750.75)
<b>TOTAL OWNERS' EQUITY</b> .....		<u>2,486,618,822.94</u>	<u>3,947,268,649.25</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b> .....		<u><u>8,488,379,613.92</u></u>	<u><u>9,783,263,954.73</u></u>

The accompanying notes are part of the financial statements.

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>NOTE III</b>	<b>2015 INR</b>	<b>2014 INR</b>
<b>Operating income</b> .....	20	4,396,688,086.01	6,763,310,425.08
Less: Operating costs.....	21	4,341,773,864.94	5,952,114,407.92
Sales tax .....		37,763.14	882,136.29
Selling and distribution expenses .....		596,800,425.61	360,084,806.29
Administrative expenses .....		494,875,295.34	587,701,243.59
Financial expenses .....	22	165,940,785.78	134,374,698.55
Impairment loss in respect of assets .....	23	258,619,103.65	105,492,337.87
<b>Operating loss</b> .....		<u>(1,461,359,152.45)</u>	<u>(377,339,205.43)</u>
Add: Non-operating income .....	24	5,337,764.35	20,128,507.23
Less: Non-operating expenses.....		4,628,438.21	7,837,050.22
<b>Total loss</b> .....		<u>(1,460,649,826.31)</u>	<u>(365,047,748.42)</u>
Less: Income tax expenses.....	25	-	-
Net loss .....		<u>(1,460,649,826.31)</u>	<u>(365,047,748.42)</u>
<b>Other comprehensive income</b> .....		<u>(1,460,649,826.31)</u>	<u>(365,047,748.42)</u>
<b>Total comprehensive expense</b> .....		<u><u>(1,460,649,826.31)</u></u>	<u><u>(365,047,748.42)</u></u>

The accompanying notes are part of the financial statements.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

	NOTE II	2015 INR	2014 INR
<b>Cash Flows from Operating Activities</b>			
Cash receipts from the sale of goods and the rendering of services .....		6,028,122,863.34	6,519,193,280.24
Receipts of tax refunds .....		44,735,744.47	72,493,353.41
Other cash receipts relating to operating activities .....		47,395,381.91	217,210,916.13
Sub-total of cash inflows .....		<u>6,120,253,989.72</u>	<u>6,808,897,549.78</u>
Cash payments for goods purchased and services received.....		4,435,567,010.94	6,040,583,622.22
Cash payments to and on behalf of employees.....		703,086,601.42	750,717,773.90
Payments of all types of taxes.....		38,671,351.45	31,616,287.87
Other cash payments relating to operating activities .....		753,009,965.37	305,391,895.28
Sub-total of cash outflows .....		<u>5,930,334,929.18</u>	<u>7,128,309,579.27</u>
<b>Net Cash Flows from Operating Activities .....</b>		<u>189,919,060.54</u>	<u>(319,412,029.49)</u>
<b>Cash Flows from Investing Activities</b>			
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets.....		-	89,376.03
Other cash receipts relating to investing activities .....		-	153,616,500.00
Sub-total of cash inflows .....		<u>-</u>	<u>153,705,876.03</u>
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets .....		40,970,660.90	115,391,852.94
Sub-total of cash outflows .....		<u>40,970,660.90</u>	<u>115,391,852.94</u>
<b>Net Cash Flows from Investing Activities .....</b>		<u>(40,970,660.90)</u>	<u>38,314,023.09</u>
<b>Cash Flows from Financing Activities</b>			
Cash receipts from borrowings .....		1,956,050,100.00	1,740,987,000.00
Other cash receipts relating to financing activities.....		-	699,057,486.00
<b>Sub-total of cash inflows .....</b>		<u>1,956,050,100.00</u>	<u>2,440,044,486.00</u>
<b>Cash repayments of amounts borrowed .....</b>		<u>1,870,229,682.00</u>	<u>2,366,308,566.00</u>
Cash payments for distribution of dividends or profit or interest expenses.....		207,227,676.26	189,989,579.73
<b>Sub-total of cash outflows.....</b>		<u>2,077,457,358.26</u>	<u>2,556,298,145.73</u>
<b>Net Cash Flows from Financing Activities .....</b>		<u>(121,407,258.26)</u>	<u>(116,253,659.73)</u>
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents.....		-	-
<b>Net Increase in Cash and Cash Equivalents .....</b>		<u>27,541,141.38</u>	<u>(397,351,666.15)</u>
Add: Opening balance of Cash and Cash Equivalents.....		310,838,714.34	708,190,380.49
Closing Balance of Cash and Cash Equivalents .....	26	<u>338,379,855.72</u>	<u>310,838,714.34</u>

The accompanying notes are part of financial statement.

**STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Paid-in capital INR</b>	<b>Capital reserve INR</b>	<b>Accumulated losses INR</b>	<b>Total owners' equity INR</b>
I. Balance at 1 January 2015	5,263,925,400.00	–	(1,316,656,750.75)	3,947,268,649.25
II. Changes for the year				
(I) Net loss	–	–	(1,460,649,826.31)	(1,460,649,826.31)
III. Balance at 31 December 2015	<u>5,263,925,400.00</u>	<u>–</u>	<u>(2,777,306,577.06)</u>	<u>2,486,618,822.94</u>
I. Balance at 1 January 2014	5,263,925,400.00	–	(951,609,002.33)	4,312,316,397.67
II. Changes for the year				
(I) Net loss	–	–	(365,047,748.42)	(365,047,748.42)
III. Balance at 31 December 2014	<u>5,263,925,400.00</u>	<u>–</u>	<u>(1,316,656,750.75)</u>	<u>3,947,268,649.25</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### I. GENERAL

Mahindra Yueda (Yancheng) Tractor Co., Ltd. (the "Company") was a limited company incorporated in Yancheng, Jiangsu on 28 November 2008. The Company principally engages in the production, sales and after-sales service of tractors, mechanised farm implements, other farm machineries and farm machinery parts.

The Company's parent company is Mahindra Overseas Investment Company (Mauritius) Ltd. ("Mahindra Mauritius"), and the ultimate holding company is Mahindra & Mahindra Limited.

The registered capital of the Company at date of establishment is INR 2,697,700,000.00, among which Mahindra Mauritius contributed INR 1,375,827,000.00, accounting for 51% of the registered capital, and Yueda Yancheng Tractor Manufacturing Co., Ltd. ("Yueda Tractor") contributed INR 1,321,873,000.00, accounting for 49% of the registered capital.

On 29 December 2009, the Company increased the registered capital by INR 1,618,620,000.00, among which Mahindra Mauritius contributed INR 825,496,200.00, accounting for 51% of the capital increment, and Yueda Tractor contributed INR 793,123,800.00, accounting for 49% of the capital increment. The registered capital after increment is INR 4,316,320,000.00.

On 30 March 2012, the board of directors of the Company passed a resolution to increase the registered capital by INR 916,200,000.00, among which Mahindra Mauritius shall contribute INR 467,262,000.00, accounting

for 51% of the capital increment, and Yueda Tractor shall contribute INR 448,938,000.00, accounting for 49% of the capital increment. The registered capital after increment is INR 5,232,520,000.00.

On 30 August 2015, the shareholder Yueda Tractor signed an equity transfer agreement with Jiangsu Yueda Investment Co., Ltd (Yueda Investment), Yueda Tractor agreed to transfer 49% shares to Yueda Investment. All rights and obligations relating to the original joint venture arrangement are transferred to Yueda Investment. The alteration of the articles of association, appointment of board members, and jointed operation agreement has been completed before 31 December 2015.

Details of capital contributions paid by the investing parties are set out in Note III.18.

### II. BASIS OF STATEMENT PREPARATION

At 31 December 2015, the Company's accumulated losses were INR 2,777,306,577.06. The total current liabilities exceeded total current assets INR 825,777,064.81. The Company's investor, Mahindra Overseas Investment Company (Mauritius) Ltd has undertaken to provide the necessary financial support to enable the Company to continue operations, including an undertaking to provide financial support to the Company when its debts fall due, and not to demand repayment of debts owed by the Company in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

### III. NOTES TO THE FINANCIAL STATEMENTS

#### 1. Currency funds

	2015 INR	2014 INR
Cash	70,877.12	62,663.03
Bank balance	338,308,978.60	310,776,051.31
Other currency funds	723,431,304.00	344,408,193.00
	<b><u>1,061,811,159.72</u></b>	<b><u>655,246,907.34</u></b>

Among which the restricted currency funds are as follows:

	2015 INR	2014 INR
Other currency funds		
– Pledged for bank acceptance bills	723,431,304.00	328,739,310.00
– Pledged for bank borrowings	–	15,361,650.00
– Pledged for letter of credit	–	307,233.00
– Others	–	–
<b>Total</b>	<b><u>723,431,304.00</u></b>	<b><u>344,408,193.00</u></b>

#### 2. Notes receivables

	2015 INR	2014 INR
Bank acceptance bills	<b><u>32,361,876.00</u></b>	<b><u>6,349,482.00</u></b>

#### 3. Accounts receivable

The aging analysis of accounts receivable is as follows:

	2015				2014			
	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR
Within 1 year	1,785,351,479.41	76	42,460,179.12	1,742,891,300.29	3,060,202,353.06	87	15,512,164.27	3,044,690,188.79
1-2 years	370,269,226.41	16	42,359,074.27	327,910,152.14	272,201,316.75	8	15,269,484.20	256,931,832.55
2-3 years	90,622,479.62	4	40,593,927.18	50,028,552.44	100,897,154.15	3	68,078,143.90	32,819,010.25
Over 3 years	95,826,844.32	4	85,701,512.79	10,125,331.53	62,066,260.70	2	2,198,504.56	59,867,756.14
<b>Total</b>	<b><u>2,342,070,029.76</u></b>	<b><u>100</u></b>	<b><u>211,114,693.36</u></b>	<b><u>2,130,955,336.40</u></b>	<b><u>3,495,367,084.66</u></b>	<b><u>100</u></b>	<b><u>101,058,296.93</u></b>	<b><u>3,394,308,787.73</u></b>

Changes in the bad debt provision for uncollectible accounts receivable are as follows:

	2015 INR	2014 INR
Balance at beginning of year	101,058,296.93	70,528,420.89
Additions	118,497,990.35	32,041,765.33
Written off	(8,441,593.92)	(1,511,889.29)
<b>Balance at end of year</b>	<b><u>211,114,693.36</u></b>	<b><u>101,058,296.93</u></b>

MAHINDRA YUEDA (YANCHENG) TRACTOR COMPANY LIMITED

4. Other receivables

The aging analysis of other receivables is as follows:

	2015				2014			
	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR
Within 1 year	61,516,038.04	51	–	61,516,038.04	39,280,755.17	38	–	39,280,755.17
1-2 years	11,527,603.57	11	–	11,527,603.57	63,638,892.10	62	48,440,403.00	15,198,489.10
2-3 years	48,440,403.00	38	48,440,403.00	–	–	–	–	–
Over 3 years	–	–	–	–	173,428.73	–	–	173,428.73
<b>Total</b>	<b>121,484,044.61</b>	<b>100</b>	<b>48,440,403.00</b>	<b>73,043,641.61</b>	<b>103,093,076.00</b>	<b>100</b>	<b>48,440,403.00</b>	<b>54,652,673.00</b>

Changes in the bad debt provision for uncollectible other receivables are as follows:

	2015 INR	2014 INR
Balance at beginning of year	48,440,403.00	–
Additions	–	48,440,403.00
Balance at end of year	<b>48,440,403.00</b>	<b>48,440,403.00</b>

5. Inventories

	2015 INR	2014 INR
Cost		
Raw materials	665,711,803.03	767,745,296.22
Work-in-progress	115,182,915.76	123,679,807.32
Finished goods	495,454,216.53	518,341,434.20
	1,276,348,935.32	1,409,766,537.74
Less: provision for the decline in value of inventories	173,374,421.14	45,869,026.96
Total of inventories	<b>1,102,974,514.18</b>	<b>1,363,897,510.78</b>

Changes in write-down of inventories are as follows:

	1/1/2015 INR	Additions INR	Written off INR	31/12/2015 INR
Provision for decline in value of inventories: Raw materials	45,869,026.96	140,121,113.30	(12,615,719.12)	173,374,421.14

6. Fixed assets

	Buildings INR	Plant and machinery INR	Electronic equipment, furniture & fixtures INR	Transportation equipment INR	Total INR
Cost					
1 January 2015	1,964,857,161.30	1,639,568,792.82	166,267,034.96	42,167,245.05	3,812,860,234.13
Additions	–	738,532.73	1,767,841.21	1,305,627.80	3,812,001.74
Transfer from construction in progress	1,670,036.66	1,976,512.94	15,973,341.28	–	19,619,890.88
Eliminated on disposals	–	(582,727.91)	–	–	(582,727.91)
31 December 2015	1,966,527,197.96	1,641,701,110.58	184,008,217.45	43,472,872.85	3,835,709,398.84
Accumulated Depreciation					
1 January 2015	279,433,019.33	790,521,492.99	69,526,192.13	32,459,224.52	1,171,939,928.97
Charges for the year	67,357,089.67	152,954,740.60	18,551,898.89	3,730,906.87	242,594,636.03
Eliminated on disposals	–	(21,995.73)	–	–	(21,995.73)
31 December 2015	346,790,109.00	943,454,237.86	88,078,091.02	36,190,131.39	1,414,512,569.27
Net book value					
1 January 2015	1,685,424,141.97	849,047,299.83	96,740,842.83	9,708,020.53	2,640,920,305.16
31 December 2015	<b>1,619,737,088.96</b>	<b>698,246,872.72</b>	<b>95,930,126.43</b>	<b>7,282,741.46</b>	<b>2,421,196,829.57</b>
Net book value of pledged fixed assets (Note)					
1 January 2015	1,105,155,092.72	511,717,560.98	–	–	1,616,872,653.69
31 December 2015	<b>1,320,843,853.57</b>	–	–	–	<b>1,320,843,853.57</b>

Note: The assets were pledged as collateral for short-term borrowings, details refer to Note III 11.

## 7. Construction in progress

Items	1/1/2015 INR	Additions INR	Completed and transferred to fixed assets INR	31/12/2015 INR
Others	34,641,786.55	13,200,483.46	(19,619,890.88)	28,222,379.13
Including: Capitalisation of borrowing costs	3,965,701.50			-

During the year, borrowing costs capitalised amounted to INR 0 (2014: INR 3,965,701.50), the capitalisation rate of 2014 was 6.85% for calculation of capitalised borrowing costs arising from the general borrowing.

## 8. Intangible assets

	Know-how INR	Land use right INR	Trademark INR	Software INR	Total INR
Cost					
1 January 2015	201,849,112.72	744,907,695.65	104,299,366.67	29,435,110.64	1,080,491,285.68
Additions	-	-	-	1,880,992.46	1,880,992.46
31 December 2015	201,849,112.72	744,907,695.65	104,299,366.67	31,316,103.10	1,082,372,278.14
Accumulated Depreciation					
1 January 2015	6,728,303.66	86,413,426.95	62,010,601.55	12,538,758.38	167,691,090.54
Charges for the year	20,184,911.30	15,462,360.06	10,575,099.65	5,482,137.54	51,704,508.55
31 December 2015	26,913,214.96	101,875,787.01	72,585,701.20	18,020,895.92	219,395,599.09
Net book value					
1 January 2015	195,120,809.06	658,494,268.70	42,288,765.12	16,896,352.26	912,800,195.14
31 December 2015	<b>174,935,897.76</b>	<b>643,031,908.64</b>	<b>31,713,665.47</b>	<b>13,295,207.18</b>	<b>862,976,679.05</b>
Remaining years for amortisation	5	43-47	5	1-5	

As at 31 December 2015, land use right with a carrying value of INR 643,031,908.65 (2014: INR 658,494,268.70) was pledged as collateral for bank borrowings of INR 81,928,800.00 (2014: INR 763,500,000.00).

## 9. Provision for impairment loss of assets

	1/1/2015 INR	Provided for the year INR	Written off INR	31/12/2015 INR
Bad debt provision	149,498,699.93	118,497,990.35	(8,441,593.92)	259,555,096.36
Provision for decline in value of inventories	45,869,026.96	140,121,113.30	(12,615,719.12)	173,374,421.14
<b>Total</b>	<b>195,367,726.89</b>	<b>258,619,103.65</b>	<b>(21,057,313.04)</b>	<b>432,929,517.50</b>

## 10. Assets with restrictions on ownership

	2015 INR	2014 INR
Category of assets with restrictions on ownership		
I. Assets pledged as collateral		
Buildings	1,320,843,853.57	1,105,155,092.72
Plant & Machinery	-	511,717,560.98
Land use rights	643,031,908.65	658,494,268.70
	1,963,875,762.22	2,275,366,922.40
II. Pledged bank deposit (Note III. 1)	723,431,304.00	344,408,193.00
	<b>2,687,307,066.22</b>	<b>2,619,775,115.40</b>

MAHINDRA YUEDA (YANCHENG) TRACTOR COMPANY LIMITED

11. Short-term Borrowings

Category	2015 INR	2014 INR
Guarantee loans (note 1)	1,792,192,500.00	1,408,151,250.00
Collateral loans (note 2)	1,024,110,000.00	896,096,250.00
Pledge loans (note 3)	10,241,100.00	–
<b>Total</b>	<b>2,826,543,600.00</b>	<b>2,304,247,500.00</b>

Notes:

- As at 31 December 2014, INR 1,018,000,000.00 in the guarantee loans was supported by a Letter of Comfort issued by Mahindra & Mahindra Limited, the ultimate holding company of the Company, and INR 381,750,000.00 was credit supported by the third party 'Yanchen Rong Nan Machinery Manufacturing Co., Ltd.'
- For category and amount of collateral assets, refer to Notes III.6 and 8.

12. Notes payable

	2015 INR	2014 INR
Bank acceptance	<b>1,132,665,660.00</b>	<b>737,359,200.00</b>

13. Employee benefits payable

Items	1/1/2015 INR	Accruals INR	Payments INR	31/12/2015 INR
Wages or salaries, bonuses, allowances, subsidies	78,202,092.08	506,653,998.50	(486,479,072.26)	98,377,018.32
Staff welfare	–	40,562,228.42	(40,562,228.42)	–
Including: Medical insurance	–	32,626,294.24	(32,626,294.24)	–
Injury insurance	–	5,915,044.19	(5,915,044.19)	–
Maternity insurance	–	2,020,889.99	(2,020,889.99)	–
Housing funds	–	30,959,637.96	(30,959,637.96)	–
Union running costs and employee education costs	555,579.67	55,494,640.02	(55,541,237.02)	508,982.67
Planned contribution	–	78,119,584.65	(78,119,584.65)	–
Including: Basic pensions	–	72,358,942.04	(72,358,942.04)	–
Unemployment insurance	–	5,760,642.61	(5,760,642.61)	–
Union running costs and employee education costs	2,849,669.85	11,067,567.11	(11,424,841.10)	2,492,395.86
<b>Total</b>	<b>81,607,341.60</b>	<b>722,857,656.66</b>	<b>(703,086,601.41)</b>	<b>101,378,396.85</b>

14. Tax payable

	2015 INR	2014 INR
Other taxes	<b>9,013,922.81</b>	<b>14,622,072.48</b>

15. Other payables

	2015 INR	2014 INR
Sales discounts and allowances	668,199,543.19	353,603,837.48
Borrowings	58,655,517.95	173,913,849.89
Purchase of fixed assets	42,424,045.14	64,501,228.36
Others	22,106,869.09	29,427,701.40
<b>Total</b>	<b>791,385,975.37</b>	<b>621,446,617.13</b>

16. Non-current liabilities due within one year

	2015 INR	2014 INR
Long-term borrowings due within one year	–	<b>389,161,800.00</b>

## 17. Other current liabilities

	2015 INR	2014 INR
Product quality warranty and other accrued expenses	<u>69,613,684.72</u>	<u>94,233,983.67</u>

## 18. Paid-in capital

The registered capital of the Company is INR 5,232,520,000.00; which has been fully paid-up by 31 December 2013. The investors' capital contributions which have been made in accordance with the Company's memorandum and articles are as follows:

	2015		2014	
	INR	Ratio %	INR	Ratio %
Mahindra Mauritius	2,684,601,954.00	51	2,684,601,954.00	51
Yueda Tractors	-	-	2,579,323,446.00	49
Yueda Investment	2,579,323,446.00	49	-	-
	<u>5,263,925,400.00</u>	<u>100</u>	<u>5,263,925,400.00</u>	<u>100</u>

The above capital contributions have been verified by capital verification report Suzhengzhong Yanzi (2009) No. 4, (2009) No. 6, (2009) No. 66, (2012) No. 24 and (2014) No. 2 issued by Jiangsu Zheng Zhong Certified Public Accountants Co., Ltd..

## 19. Accumulated losses

	2015 INR	2014 INR
Accumulated losses at beginning of year	(1,316,656,750.75)	(951,609,002.33)
Add: Net loss of the year	(1,460,649,826.31)	(365,047,748.42)
Accumulated losses at end of year	<u>(2,777,306,577.06)</u>	<u>(1,316,656,750.75)</u>

## 20. Operating income

	2015 INR	2014 INR
Principal operating activities	4,113,744,720.53	6,464,078,939.48
Export sales	310,577,666.96	1,043,314,854.33
Domestic sales	3,803,167,053.57	5,420,764,085.15
Other operating activities	282,943,365.48	299,231,485.60
Others	282,943,365.48	299,231,485.60
<b>Total</b>	<u>4,396,688,086.01</u>	<u>6,763,310,425.08</u>

## 21. Operating costs

	2015 INR	2014 INR
Principal operating activities	4,041,651,419.61	5,662,610,136.41
Cost of export sales	328,274,239.73	929,306,143.15
Cost of domestic sales	3,713,377,179.88	4,733,303,993.26
Other operating activities	300,122,445.33	289,504,271.51
Others	300,122,445.33	289,504,271.51
<b>Total</b>	<u>4,341,773,864.94</u>	<u>5,952,114,407.92</u>

## 22. Financial expenses

	2015 INR	2014 INR
Interest expense	206,574,508.55	219,870,276.23
Less: Capitalised interest (Note III. 7)	-	32,569,745.24
Less: Interest income	42,057,617.56	55,092,677.66
Subtotal	164,516,890.99	132,207,853.33
Exchange differences	(1,956,885.06)	(271,518.70)
Others	3,380,779.85	2,438,363.92
<b>Total</b>	<u>165,940,785.78</u>	<u>134,374,698.55</u>

## 23. Asset impairment

	2015 INR	2014 INR
Bad debt losses	118,497,990.35	80,482,168.33
Write-down of inventories	140,121,113.30	25,010,169.54
<b>Total</b>	<b>258,619,103.65</b>	<b>105,492,337.87</b>

## 24. Non-operating income

	2015 INR	2014 INR
Government grants	8,440,231.65	14,572,421.68
Gains on disposal of fixed assets	-	54,325.76
Compensation and donation income	86,644.83	678,420.34
Others	(3,189,112.13)	4,823,339.45
<b>Total</b>	<b>5,337,764.35</b>	<b>20,128,507.23</b>

## 25. Income tax

	2015 INR	2014 INR
Current tax expense	-	-
	-	-

Reconciliation of income tax expenses to the accounting loss is as follows:

	2015 INR	2014 INR
Accounting loss	(1,460,649,826.31)	(365,047,748.42)
Income tax expenses calculated at 15% (2014: 15%)	(219,097,473.92)	(54,757,162.23)
Tax effect of expenses that are not deductible for tax purposes	2,765,783.05	2,557,826.97
Effect of unrecognized deductible losses and temporary deductible differences	216,331,690.87	52,199,335.26
Income tax expense	-	-

Deferred tax assets are not recognised for the following deductible temporary differences and deductible losses due to the unpredictability of future profit streams:

	2015 INR	2014 INR
Bad debt provision	259,555,096.36	149,498,699.93
Inventory provision	173,374,421.14	45,869,026.95
Other temporary difference	454,214,847.61	215,340,768.69
Deductible losses	1,775,156,724.79	775,631,972.04
<b>Total</b>	<b>2,662,301,089.90</b>	<b>1,186,340,467.71</b>

The deductible losses which are not recognised as deferred tax assets will expire in the following years:

	2015 INR	2014 INR
2017 (Note)	568,183,738.93	568,183,738.93
2018	52,907,939.81	52,907,939.81
2019	188,289,642.75	154,540,293.30
2020	920,390,935.30	-
<b>Total</b>	<b>1,729,772,256.79</b>	<b>775,631,972.04</b>

Note: The deductible losses which will expire 2019 has been adjusted according to authentication report on 2014 income tax final assessment.

## 26. Cash and cash equivalents

	2015 INR	2014 INR
Cash on hand	70,877.12	62,663.03
Bank demand deposits	338,308,978.60	310,776,051.31
Cash and cash equivalent balances	338,379,855.72	310,838,714.34
Restricted cash and cash equivalents (Note III. 1)	<b>723,431,304.00</b>	<b>344,408,193.00</b>

## 27. Supplementary information to the cash flow statement

	2015 INR	2014 INR
Reconciliation of net loss to cash flow from operating activities		
Net loss	(1,460,649,826.31)	(365,047,748.42)
Add: Provision for asset impairment	258,619,103.65	105,492,337.87
Depreciation of fixed assets	242,594,636.03	220,819,170.98
Amortisation of intangible assets	51,704,508.55	38,495,121.27
Gains on disposal of fixed assets, intangible assets and other long-term assets	-	(54,325.76)
Financial expenses	206,574,508.55	187,300,530.99
Decrease in inventories (less increase)	121,362,615.48	105,677,683.55
Increase in operating receivables	1,081,152,025.78	(1,003,358,997.24)
Increase in operating payables (less decrease)	67,584,599.81	249,220,140.25
Decrease in restricted cash and cash equivalents (less increase)	(379,023,111.00)	142,044,057.00
Net cash flow from operating activities	189,919,060.54	(319,412,029.49)
Net changes in cash and cash equivalents		
Closing balance of cash	338,379,855.72	310,838,714.34
Less: Opening balance of cash	310,838,714.34	708,190,380.49
Net increase in cash and cash equivalents	<b>27,541,141.38</b>	<b>(397,351,666.15)</b>

## IV. Related Party Relationships and Transactions

## (1) Nature of relationship with related parties where a control relationship exists:

Name	Registered place	Relationship with the Company	Proportion of voting power and shareholdings
Mahindra Mauritius	Mauritius	Parent company	51%
Mahindra & Mahindra Limited	India	Ultimate holding company	51%

## (2) Nature of relationship with related parties where a control relationship does not exist:

Name	Relationship with the Company
Yueda Tractor	the Chinese investor (Transferred in 2015)
Yueda Investment	the Chinese investor

## (3) Significant transactions between the Company and the above related parties in current year:

## (a) Purchases

Purchases between the Company and its related parties are as follows:

	2015 INR	2014 INR
Purchases		
– Mahindra & Mahindra Limited	35,667,154.87	23,193,355.79
– Yueda Tractor	1,859,054.70	99,984.68
	<b>37,526,209.57</b>	<b>23,293,340.47</b>

(b) Loans

Details of the loans between the Company and its related party are as follows:

	Amount incurred during 2015 INR	Balance as of 31/12/2015 INR	Amount incurred during 2014 INR	Balance as of 31/12/2014 INR	Annual interest rate %
– Yueda Tractor	(40,964,400.00)	–	(92,169,900.00)	40,964,400.00	7.2

(c) Others

Details of other transactions between the Company and its related party are as follows:

	2015 INR	2014 INR
Interest Expense		
– Yueda Tractor	5,709,475.62	14,278,633.19

(d) Balance due to/from related parties

Accounts	Name of related parties	2015 INR	2014 INR
Other receivables	Mahindra & Mahindra Limited	15,239,145.14	–
Other payables	Yueda Tractor	–	82,942,212.86
	Mahindra & Mahindra Limited	–	16,124,774.17
		–	<b>99,066,987.03</b>

V. Financial Instruments and Risk Management

The Company's major financial instruments include currency funds, borrowings, accounts receivable, other receivables, notes payable, account payables and other payables. Details of these financial instruments are disclosed in Note III. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1. Risk management objectives and policies

The Company's risk management objectives are to achieve proper balance between risks and yield, minimise the adverse impacts of risks on the Company's operation performance, and maximise the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyse the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1.1. Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with USD. Except for overseas sales denominated in USD, the Company's other principal activities are denominated and settled in RMB. As at 31 December 2015, except for the following assets denominated in USD, the other assets and liabilities balances are all denominated in RMB. Those assets denominated in USD are exposed to currency risk and may influence the operating results of the Company.

	2015 INR	2014 INR
Currency funds	<b>7,238,478.40</b>	<b>22,191,655.17</b>

The Company closely monitors the effects of changes in the foreign exchange rates on the Company's currency risk exposures. Currently, the Company has not taken any measurements to mitigate the currency risk.

1.1.2. Interest rate risk – risk of changes in cash flow

The Company's cash flow interest risk relates primarily to variable-rate borrowings through the variable-rate bank borrowings. As at 31 December 2015, variable-rate bank borrowings amounted to INR 1,792,192,500.00 (2014: INR 590,440,000.00).

1.2. Credit risk

As at 31 December 2015, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

In order to minimize the credit risk, the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Company has adopted a policy of only dealing with creditworthy counterparties, and has no significant concentration of credit risk.



## 1.3. Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial assets and financial liabilities held by the Company which is based on undiscounted remaining contractual obligations:

	Within 1 year INR	Undiscounted cash flows INR	Net book value INR
Financial liabilities:			
Short-term borrowings	2,873,356,349.95	2,873,356,349.95	2,826,543,600.00
Notes payable	1,132,665,660.00	1,132,665,660.00	1,132,665,660.00
Accounts payable	1,017,211,585.82	1,017,211,585.82	1,017,211,585.82
Interest payable	8,974,696.94	8,974,696.94	8,974,696.94
Other payables	791,385,975.37	791,385,975.37	791,385,975.37
	<b>5,823,594,268.09</b>	<b>5,823,594,268.09</b>	<b>5,776,781,518.14</b>

## 2. Fair value

Fair values of the financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values.

## 3. Sensitivity analysis

The Company adopts sensitivity analysis techniques to analyze how the entity's profit and loss for the period and owners' equity would have been affected by changes in the relevant risk variables that were reasonably possible. As it is unlikely that risk variables will change in an isolated manner, and the interdependence between risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following items are based on the assumption that each risk variable has changes on a stand-alone basis.

## 3.1. Currency risk

Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period or equity:

Item	Changes in exchange rate	2015	2014
		Effect on profits INR	Effect on profits INR
USD	5% increase against RMB	361,923.96	1,109,582.73
USD	5% decrease against RMB	(361,923.96)	(1,109,582.73)

## 3.2 Sensitivity analysis on interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2015 would decrease/increase by INR 4,940,275.00 (2014: INR 2,952,200.00). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowing.

## VI. COMMITMENTS

## Capital commitment

	2015 INR '000	2014 INR '000
Contracted but not provided in financial statements		
Commitment for acquisition of non-current assets	<b>20,646.06</b>	<b>13,047.16</b>

## VII. Pending litigation

One of our supplier prosecute us on a cases and the judicial action is ongoing. The impact of this litigation cannot determine till the date of this report, no more information is disclosed.

## DIRECTORS' REPORT

To,  
The Members of  
Mahindra & Mahindra Financial Services Limited

Your Directors are pleased to present their Twenty-Sixth Report together with the audited financial statements of your Company for the Financial Year ended 31<sup>st</sup> March, 2016.

The performance highlights and summarised financial results of the Company are given below:

### PERFORMANCE HIGHLIGHTS

- Consolidated income for the year increased by 9% to Rs. 6,597.52 Crores as compared to Rs. 6,060.91 Crores in 2014-15;
- Consolidated income from operations for the year was Rs. 6,553.87 Crores as compared to Rs. 6,021.14 Crores in 2014-15, a growth of 9%;
- Consolidated profit before tax for the year was Rs. 1,224.12 Crores as compared to Rs. 1,399.87 Crores in 2014-15;
- Consolidated profit after tax and minority interest for the year was Rs. 772.29 Crores as compared to Rs. 912.91 Crores in 2014-15.

### FINANCIAL RESULTS

	Rs. in Crores			
	CONSOLIDATED		STANDALONE	
	March 2016	March 2015	March 2016	March 2015
Total Income	6,597.5	6,060.9	5,905.1	5,584.7
Less : Finance Costs	2,868.3	2,643.0	2,639.3	2,496.7
Expenditure	2,459.4	1,972.5	2,186.7	1,792.9
Depreciation/Amortisation	45.7	45.5	40.9	41.5
Total Expenses	5,373.4	4,661.0	4,866.9	4,331.1
Profit Before Tax	1,224.1	1,399.9	1,038.2	1,253.6
Less : Provision For Tax				
Current Tax	614.4	576.1	535.6	520.0
Deferred Tax	(177.7)	(101.1)	(170.0)	(98.2)
Profit After Tax for the Year before Minority Interest	787.4	924.9	672.6	831.8
Less: Minority Interest	15.1	12.0	-	-
Profit After Tax for the Year after Minority Interest	772.3	912.9	672.6	831.8
Add: Amount brought forward from Previous Years	2,245.6	1,883.4	2,040.9	1,728.3
Add : Transfer of opening balance in profit and loss statement on amalgamation of Mahindra Business & Consulting Services Private Ltd.	-	-	-	5.3
Less: Transitional depreciation charge/Special Reserve	-	9.6	-	3.2
Amount available for Appropriation	3,017.9	2,786.7	2,713.5	2,562.2
<b>Appropriations</b>				
General Reserve	67.2	88.8	67.2	83.2
Statutory Reserve	154.9	179.3	134.5	166.4
Proposed Dividend on Equity Shares	227.5	227.5	227.5	227.5
Income-tax on Proposed Dividend	45.8	45.5	43.8	44.2
Surplus carried to Balance Sheet	2,522.5	2,245.6	2,240.5	2,040.9

## TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 67.2 Crores to the General Reserve and Rs. 134.5 Crores to the Statutory Reserve. An amount of Rs. 2,240.5 Crores is proposed to be retained in the Statement of Profit and Loss.

## DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 4 per Equity Share of the face value of Rs. 2 each payable to those Members whose names appear in the Register of Members as on the Book Closure date. The dividend including dividend tax will absorb a sum of Rs. 271.3 Crores [as against Rs. 271.7 Crores on account of dividend of Rs. 4 per Equity Share paid for the previous year].

## OPERATIONS

Your Company continued to offer a wide range of financial products and services to its customers during the year under review. Your Company is continuously expanding its product offerings beyond vehicle financing and diversifying its skill sets along product lines to meet the various lifecycle needs of its customers in the rural and semi-urban geographies. Despite difficult market conditions, the overall disbursement registered a growth of 9.8% at Rs. 26,706.3 crores as compared to Rs. 24,331.1 crores in the previous year. Your Company was able to retain its leadership position in financing the Mahindra range of vehicles and tractors in addition to extending its lending to vehicles of other Original Equipment Manufacturers (OEMs).

Your Company has consolidated its position as a leading financier for Maruti vehicles in semi-urban and rural India by financing over 1,00,000 vehicles during this fiscal. The Company continues to take pioneering effort in introducing technology based solutions and demonstrate effective use of its resources to enhance customer service.

Your Company has a pan-India presence with a network of 1167 offices, which is one of the largest amongst Non-Banking Financial Companies. The new branches opened by the Company in the villages have enabled speedier collections and providing services closer to the customers' doorsteps. Your Company's nationwide network of branches and locally recruited employees have facilitated in catering to the diverse financial requirements of its customers. Your Company has earned the trust and confidence of its customers with its consistent, transparent and reliable services. With its wide presence covering even the most remote areas of the country, your Company is helping customers everywhere to 'RISE' in line with its 'RISE' philosophy.

Your Company has cumulatively financed over four million customers since its inception.

During the year under review, your Company continued to expand its reach in the Micro Small and Medium Enterprises (MSME) segment. MSME Assets Under Management crossed more than Rs. 2,180 crores during the period under review, covering more than 1,316 customers.

Total Income grew by 6% to Rs. 5,905.1 Crores for the year ended 31st March, 2016 as compared to Rs. 5,584.7 Crores

for the previous year. Profit Before Tax (PBT) declined by 17% to Rs. 1,038.2 Crores as compared to Rs. 1,253.6 Crores for the previous year. Profit After Tax (PAT) declined by 19% to Rs. 672.6 Crores as compared to Rs. 831.8 Crores in the previous year.

During the year under review, the Assets Under Management stood at Rs. 40,933 Crores as at 31<sup>st</sup> March, 2016 as against Rs. 36,878 Crores as at 31<sup>st</sup> March, 2015.

There is no change in the nature of business of the Company during the year under review.

## DISTRIBUTION OF MUTUAL FUND PRODUCTS

During the year under review, the activity of distribution of Mutual Fund Products (MFP) was carried out across 158 branches covering 23 States. As on 31<sup>st</sup> March, 2016, the amount of Assets Under Management outstanding through the Company's Advisory and Distribution Services on MFP, aggregate of institutional and retail segment, was Rs. 1,724.08 Crores and the number of clients stood at 52,454.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

## CORPORATE GOVERNANCE

Your Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings. A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed to this Report.

## SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital as on 31<sup>st</sup> March, 2016 was Rs. 113.75 Crores comprising of 56,87,64,960 Equity Shares of the face value of Rs. 2 each. During the year under review, the Company has neither issued shares with differential rights as to dividend, voting or otherwise, nor has issued sweat equity, other than Employee Stock Options under the Employees' Stock Option Scheme referred to in this Report. As on 31<sup>st</sup> March, 2016, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

## STOCK OPTIONS

During the year under review, on the recommendation of the Nomination and Remuneration Committee of your Company, the Trustees of the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust have granted 57,920 Stock Options to Eligible Employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2010. No new Options have been granted under the

Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2005 (hereinafter collectively referred to as "the Schemes"). The Company does not have any scheme to fund its employees to purchase the shares of the Company. No employee has been issued stock options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

The Schemes of the Company are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and there were no material changes to the Schemes. The details of the Employees Stock Options and the Company's Employees Stock Option Trust as required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular CIR/CFD/ POLICY CELL/2/2015 dated 16<sup>th</sup> June, 2015 have been uploaded on the Company's website and can be accessed at the web-link: <http://www.mahindrafinance.com/annual-reports.aspx>.

Voting rights on the Shares issued to employees under the aforesaid schemes are either exercised by them directly or through their appointed proxy.

## **ECONOMY**

In 2015, global economic activity remained subdued. Growth in emerging market and developing economies – while still accounting for over 70% of global growth – declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Three key transitions continue to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services, (2) lower prices for energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy. Monetary easing in the euro area and Japan is proceeding broadly as previously envisaged, while in December 2015 the U.S. Federal Reserve lifted the federal funds rate from the zero lower bound. Overall, financial conditions within advanced economies remain very accommodative. Prospects of a gradual increase in policy interest rates in the United States as well as bouts of financial volatility amid concerns about emerging market growth prospects have contributed to tighter external financial conditions, declining capital flows, and further currency depreciations in many emerging market economies.

Domestic economic activity lost pace in the second half of 2015-16, slowed down by muted investment and a prolonged contraction in exports. While private consumption has been the mainstay in holding up aggregate demand, it has largely been an urban phenomenon; coincident indicators of rural consumption have generally remained weak or in negative territory. Aggregate supply moderated with the impact of deficient monsoons on agriculture. Gross value added in industry benefited from the decline in input costs while services remained in expansion mode. Headline Consumer Price Index inflation is projected to moderate in 2016-17 to

around 5% while real GDP growth is projected to improve gradually to 7.6% in 2016-17.

By contrast, rural consumption remained weak in H2; with moderation in wage growth, rural incomes have been depressed by shocks to farm activity from back-to-back deficient monsoons. In Q4, however, there was a pick-up in sales of tractors and two-wheelers which could be indicative of a turning point in the rural economy. The prospects for Consumption Expenditure have been brightened by the proposal to implement the 7th Pay Commission award and one-rank-one-pension for retired defence personnel. The focus of the Union Budget 2016-17 on reviving the rural economy and doubling rural incomes could support rural consumption demand more enduringly going forward.

With easing of inflationary conditions, the Reserve Bank of India (RBI) signalled softening of the monetary policy stance by cutting policy repo rates by 25 bps in June and 50 bps in September to 6.75%. RBI through active liquidity management operations ensured that Liquidity conditions remained broadly stable and it continued to provide liquidity through overnight and term repos. Liquidity conditions are expected to be comfortable in the coming year. These conditions should augur well for a reinvigoration of private consumption demand. This coupled with a stable government, thrust on rural infrastructure and reforms, it is expected that India's growth will be strong.

Your Company has maintained its leadership position for vehicles and tractors in the rural and semi-urban markets. Despite unfavourable monsoons affecting the tractor segment, the Company maintained a healthy growth of business backed by growth in the overall auto industry. All vehicle categories were in the positive territory except for Tractors, which are gradually moving towards positive territory.

## **FINANCE**

During the year under review, the Reserve Bank of India (RBI) maintained its accommodative stance and remained focused on keeping the economy on a disinflationary glide path. The RBI remained vigilant about inflation, geo-political risks, global oil and commodity prices, monsoon, domestic demand and external volatility impacting the exchange rate. In FY15-16, the RBI intermittently cut the policy rates on the basis of available data, first by 25bps in the month of June 2015 and then a front loaded 50 bps in the month of September 2015. With this, in this rate-cutting cycle that began on January 2015, the RBI has brought down the repo rate by 125 bps (75 bps in FY 2015-16). Liquidity conditions remained in a deficit but stable mode throughout the year barring last quarter wherein the pace of Government expenditure slowed and liquidity deficit increased substantially. RBI through active liquidity management operations ensured that liquidity conditions remained broadly stable and it continued to provide liquidity through overnight and term repos. Sovereign and corporate bond yields which had started to ease ahead of the monetary policy easing cycle – got increasingly disconnected and firmed up through the second half of 2015-16. However, after the announcement of the Union Budget, yields steadily eased.

During FY 2015-16, the median base rate of Banks, declined by around 50 bps (in a late reaction to the rate cutting cycle). Your Company was able to take advantage of reduction in interest rates by having appropriate borrowing strategies and ensuring that prudent Asset Liability Management Guidelines are adhered to.

During the year under review, your Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Commercial Paper, etc., and maintained prudential Asset/ Liability match throughout the year. Your Company sourced long term debentures and loans from banks and other institutions at attractive rates.

Your Company also issued Subordinated Debt amounting to Rs. 175 Crores and successfully completed four at par securitisation transactions aggregating to Rs. 855.9 Crores.

#### **PUBLIC ISSUANCE OF NON-CONVERTIBLE DEBENTURES**

During the year under the review, the Board of Directors of your Company approved the proposal of raising of funds by way of a public issue of Non-Convertible Debentures including Subordinated Debentures (NCDs) for an amount not exceeding Rs. 1,000 Crores, in one or more tranches, pursuant to the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and other applicable laws.

The Company has filed the Draft Shelf Prospectus with the Securities and Exchange Board of India and the BSE Limited, being the designated Stock Exchange for the proposed NCD

issue and has received the in-principal approval for listing of the NCDs from the BSE Limited on 28<sup>th</sup> March, 2016.

#### **INVESTOR RELATIONS**

During the year under review, your Company continued to engage with investors in many ways, including one on one meetings, telepresence meetings, participation in investor conferences and quarterly earnings calls. Your Company interacted with Indian and overseas investors and analysts in a number of investor meets organised by reputed Global and Domestic Broking Houses, both in India and abroad, to communicate details of performance, important developments and exchange of information. Your Company ensures that critical information about the Company is available to all the investors by hosting all such information on the Company's website.

#### **CAPITAL ADEQUACY**

As on 31<sup>st</sup> March, 2016, the Capital to Risk Assets Ratio (CRAR) of your Company was 17.3%, which is well above 15.0% CRAR prescribed by the RBI.

#### **RBI GUIDELINES**

The Company has complied with all the applicable regulations of the Reserve Bank of India (RBI).

As a prudent practice, your Company makes accelerated provisioning for Non-Performing Assets (NPAs) than that required by RBI for NBFCs. Your Company continues to make a general provision at 0.40% on the standard assets outstanding as against 0.30% mandated by the RBI.

#### **Credit Rating**

The credit rating details of the Company as on 31<sup>st</sup> March, 2016 were as follows:

Rating Agency	Type of Instrument	Rating*	Remarks
India Ratings & Research Private Limited	National Long-term instrument and Lower Tier II Subordinated Debt programme	'IND AAA/Stable'	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE Ratings	Long-term debt instrument and Lower Tier II Subordinated Debt programme	'CARE AAA'	
Brickwork Ratings India Private Limited	Company's Long-term Subordinated Debt Issue	'BWR AAA/Stable'	
CRISIL Limited	Fixed Deposit Programme	'FAAA/Stable'	The 'AA' rating indicates a high degree of safety with regard to timely payment of financial obligations.  The 'A1'+ rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	Long-term Debt Instruments and Bank Facilities	'CRISIL AA+/Stable'	
	Short-term Debt and Bank Loans	'CRISIL A1+'	

\* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2015-16.

## ACHIEVEMENTS

During the year under review, your Company won several awards. Select few awards are enumerated hereunder:

- Best Innovative Workplace Practices
- 'Excellence in HR' at the Business World HR Excellence Award
- Indian Development Foundation (IDF) Award for CSR initiatives
- Best Innovative CSR Project Category by India CSR Awards
- "Best HR and Talent Practice" (in NBFC Category) in the "Inspiring Workplaces Awards 2015"
- "Best Integrated Rural Marketing Campaign" for "Bharat ko Pehchante Hai Hum" campaign in "The Rural Marketing Forum and Awards" organised by CMO Asia
- "Cooperatives Summit Gujarat 2015 Award" for the Best Infrastructure Solutions 'Document Storage Management System'

During the year your Company was appraised and rated at level 3 of the People Capability Maturity Model (People-CMM).

## FIXED DEPOSITS AND LOANS/ADVANCES

Your Company offers Fixed Deposit schemes that cater to various classes of investors. The Deposits carry attractive interest rates with superior service enabled by robust processes and technology. In order to tap rural savings your Company proposes to expand its network and make its presence felt in the most remote areas of the country.

As on 31st March, 2016, your Company has mobilized funds from Fixed Deposits to the tune of Rs. 4,784.3 Crores, with an investor base of over 1,60,457 investors.

Your Company has initiated several customer centric measures on an ongoing basis to further strengthen its processes in sync with the requirements of the Fixed Deposit holders. The Company communicates various intimations via SMS, e-mails, post, etc., to its investors. During the year under review your Company has introduced:

- Online renewal facility
- Online generation of TDS certificates from customer/broker portal
- Reminder emails to clients whose TDS is likely to be deducted before any payout/accrual.
- Seamless Investment process for employees

As at 31<sup>st</sup> March, 2016, 1,592 deposits amounting to Rs. 6.87 Crores had matured for payment and remained unclaimed. The unclaimed deposits have since reduced to 1,177 deposits amounting to Rs. 5.26 Crores.

Your Company being a Non-Banking Financial Company, the disclosures required as per Rule 8 (5)(v) and (vi) of the Companies (Accounts) Rules, 2014 read with sections 73 and 74 of the Companies Act, 2013, are not applicable to it.

The information pursuant to Part III - Direction 5 of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, regarding overdue of public deposits/unclaimed public deposits as on 31<sup>st</sup> March, 2016 is furnished below:

- i. total number of accounts of public deposits of the Company which have not been claimed by the depositors or not paid by the Company after the date on which the deposit became due for repayment: 1,579.
- ii. the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: Rs. 6,86,51,124.

Your Company sends intimation letters via registered post every 3 months to all those fixed deposit holders whose deposits have matured as well as to those whose deposits remain unclaimed.

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the Annual Accounts of the Company pursuant to Regulation 34 read with paragraph A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are furnished separately.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to section 186(11) of the Companies Act, 2013 ('the Act'), the provisions of section 186 (4) of the Act requiring disclosure in the financial statements of the full particulars of the loans made and guarantees given or securities provided by a Non-Banking Financial Company in the ordinary course of its business and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security are exempted from disclosure in the Annual Report.

Further, pursuant to the provisions of section 186 (4) of the Act, the details of investments made by the Company are given in the Notes to the Financial Statements.

## SUSTAINABILITY INITIATIVES

Your Company continues to protect and sustain the rural livelihoods through a sustainable business model. The business model aims at transforming rural lives and driving positive change in the community. Your Company has been reporting on Triple Bottom Line Performance; i.e., People, Profit and Planet since the Financial Year 2008-09 through the Mahindra Group Sustainability Report.

During the Financial Year 2015-16, your Company released its third standalone Sustainability Report for the previous Financial Year 2014-15. This Report portrays a balanced approach towards economic activity, environmental and social dimensions on aspects important and material for the organisation. This Report is externally assured and in line with international reporting standards of latest Global Reporting Initiative (GRI) G4 Guidelines. The theme of the Report is 'Inspiring Transformation, Realizing Aspirations' and the same

has been hosted on the Company's website at the web-link: [www.mahindrafinance.com/sustainability.aspx](http://www.mahindrafinance.com/sustainability.aspx).

During the year under review, your Company continued with its focus on sustainability awareness for employees, vendors, suppliers and customers and took various initiatives in this direction. Your Company made proactive efforts to fight against global warming through Project 'Mahindra Hariyali', by planting more than 93,500 saplings across the country. Various initiatives were also taken for road safety, energy, paper and waste conservation and e-waste management.

In addition to this, your Company continues to report on Carbon Disclosure Project (CDP) from the Financial Year 2011-12. CDP seeks information on carbon emissions disclosures from world's largest companies and focuses on how companies are geared up, to deal with the challenges of climate change in a carbon constrained economy. During the year under review, your Company also became part of CDP's Carbon Disclosure Leadership Index (CDLI) 2015 in India for second time in a row, acknowledging the Company's efforts for climate change mitigation.

Your Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the third consecutive year. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental Social Governance (ESG) asset management plans. Your Company is the only Indian Company from amongst the Diversified Financial Services Companies in India to have made it to this list.

Your Company is working comprehensively on sustainability. During the year under review your Company has constituted a Sustainability Council which comprises of senior members representing different functions of the organization. This cross functional team approach facilitates optimum use of all relevant resources, experience and knowledge from all levels to guide sustainability initiatives.

## **BUSINESS RESPONSIBILITY REPORT**

In accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the inclusion of Business Responsibility Report (BRR) as a part of the Annual Report is mandated for top 100 listed entities for the year 2015-16 based on the market capitalization. Although the BRR is not mandatory for the Company for the year 2015-16, as a responsible corporate citizen, your Company has proactively decided to prepare the BRR in the format prescribed by SEBI. The Company's BRR will be available on its website at the web-link: [www.mahindrafinance.com/sustainability.aspx](http://www.mahindrafinance.com/sustainability.aspx). Any shareholder interested in obtaining a physical copy of the same may write to the Company Secretary of the Company.

## **CORPORATE SOCIAL RESPONSIBILITY**

Through its various Corporate Social Responsibility ("CSR") initiatives, the Mahindra Group is enabling entire communities to 'RISE'. With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting

circumstances by innovatively supporting them through programs in the domains of education, health and environment.

The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The CSR Committee presently comprises Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah.

During the year under review, your Company organized a nationwide Blood Donation Drive, Health check-up camps, visits to municipal schools, visits to Orphanages/Differently-abled Homes/Old-age homes, to re-affirm its pledge to the society. The 'Lifeline Express', a hospital on wheels, in association with Impact India Foundation, catered to the medical needs of 7,421 underprivileged people in Bhadohi (Uttar Pradesh).

As a part of its commitment to Corporate Social Responsibility, during the year your Company implemented projects for scholarships to undergraduate and graduate students, vocational training and financial literacy, supported technology incubators, ambulance and medical care equipment donation and sanitation. The Company also continued to offer assistance to Nanhi Kali which provides educational support to the underprivileged girls from poor urban, remote rural and conflict afflicted communities across India and Mahindra Pride School to empower youth from socially and economically disadvantaged sections of society by providing them with livelihood training, to enable them to gain employment based on their skills, implemented by the K.C. Mahindra Education Trust.

Your Company also participated in the Prime Minister's clean India campaign "Swachh Bharat Swachh Vidyalaya" by constructing toilets for girls in Government Schools as well as maintenance of such toilets.

The Company's Employee Social Options (Esops) program supports employees in creating volunteering projects based on the needs of underprivileged communities in and around their places of work.

During the year under review, your Company has spent Rs. 29.06 Crores towards Corporate Social Responsibility on CSR projects/programs. Your Company is in compliance with the statutory requirements in this regard.

The CSR Policy of the Company is hosted on the Company's website at the link <http://www.mahindrafinance.com/csr.aspx> and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per Annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure I** to this Report.

## **EXTRACT of ANNUAL RETURN**

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31<sup>st</sup> March, 2016 forms part of this Report and is appended herewith as **Annexure II**.

## BOARD MEETINGS AND ANNUAL GENERAL MEETING

The calendar of the Board/ Committee Meetings and the Annual General Meeting are circulated to the Directors in advance to enable them to plan their schedule for effective participation at the respective meetings. Additional Board Meetings are convened by giving appropriate notice to address business exigencies. At times certain decisions are taken by the Board/ Committee through circular resolutions.

All the decisions and urgent matters approved by way of circular resolutions are placed and noted at the subsequent Board/Committee Meeting.

The Board met five times in the financial year 2015-16 viz., on 23<sup>rd</sup> April, 2015, 24<sup>th</sup> July, 2015, 21<sup>st</sup> October, 2015, 21<sup>st</sup> January, 2016 and 18<sup>th</sup> March, 2016. The gap between two Meetings did not exceed one hundred and twenty days. The 25<sup>th</sup> Annual General Meeting (“AGM”) of the Company was held on 24<sup>th</sup> July, 2015.

Detailed information on the meetings of the Board, its Committees and the AGM is included in the Report on Corporate Governance, which forms part of this Annual Report.

## MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors met twice during the year under review. The Meetings were conducted in an informal manner without the presence of the Whole-time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

## COMMITTEES OF THE BOARD OF DIRECTORS

The Company has various Committees which have been constituted as a part of the good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

Your Company has an adequately qualified and experienced Audit Committee with Mr. C. B. Bhavé as the Chairman and Mr. Dhananjay Mungale, Mr. M. G. Bhide, Ms. Rama Bijapurkar, Mr. Piyush Mankad, Mr. V. S. Parthasarathy and Dr. Anish Shah as Members. The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

The other Committees of the Board are:

- i) Nomination and Remuneration Committee
- ii) Stakeholders Relationship Committee
- iii) Corporate Social Responsibility Committee
- iv) Risk Management Committee
- v) Asset Liability Committee
- vi) Strategy Committee for Acquisitions

The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Directors

Mr. Bharat N. Doshi, Non-Executive Non-Independent Director of the Company, resigned as the Chairman and Member of the Board of Directors of the Company with effect from 9<sup>th</sup> March, 2016, in view of his appointment as a Director on the Central Board of Reserve Bank of India.

Mr. Doshi has been associated with the Company since its inception in 1991. He led the initiative of conceptualizing, establishing and then nurturing and growing the Company far beyond the captive status it had in its formative years. He was a Member of the Board of Directors of the Company from March 1992, and its Chairman from April 2008.

The Board Members unanimously complimented Mr. Doshi on the illustrious services rendered by him to the Company and the Financial Services Sector. The Board also acknowledged Mr. Doshi's contribution to the Company and placed on record its deep appreciation on the invaluable counsel rendered by him to the Company and his immense contribution in guiding the management during his tenure as the Chairman of the Company.

In the light of Mr. Doshi relinquishing his office as the Chairman and Director of the Company, the Board at its Meeting held on 18<sup>th</sup> March, 2016 unanimously decided to appoint Mr. Dhananjay Mungale, Independent Director, as the Chairman of the Company with effect from the date of the said Board Meeting.

Mr. Dhananjay Mungale has been a Member of the Board of Directors of the Company since 1<sup>st</sup> March, 1999 and was also the Chairman of the Audit Committee of the Board from 27<sup>th</sup> October, 2008.

Further, the Board at its Meeting held on 18<sup>th</sup> March, 2016, had on the recommendation of the Nomination and Remuneration Committee, unanimously decided to elevate Mr. Ramesh Iyer, Managing Director to the position of Vice-Chairman, designated as “Vice-Chairman & Managing Director” of the Company.

Mr. Ramesh Iyer has been associated with the Company since 1995 and was promoted to the position of Chief Executive Officer in May 1999. Mr. Iyer was then appointed as Managing Director of the Company with effect from 30<sup>th</sup> April, 2001.

Further, on the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 18<sup>th</sup> March, 2016 has appointed Dr. Anish Shah, as an Additional Director of the Company.

Dr. Anish Shah holds office upto the date of the ensuing AGM of the Company.

The Board at its adjourned Meeting held on 24<sup>th</sup> July, 2015 [after conclusion of the Annual General Meeting (AGM)] had appointed Mr. V. Ravi as an Additional Director with effect from 25<sup>th</sup> July, 2015 and subject to the approval of the Shareholders, appointed Mr. V. Ravi as the Whole-time Director designated as “Executive Director & Chief Financial Officer” effective from 25<sup>th</sup> July, 2015. Mr. V. Ravi holds office upto the date of the ensuing AGM of the Company.

The Board at its Meeting held on 23<sup>rd</sup> April, 2016 has decided to place the aforesaid proposals for the appointment of



Mr. V. Ravi and Dr. Anish Shah for the approval of the Members by means of a Postal Ballot.

The Company has received notices from the Members under section 160 of the Act, signifying their intention to propose Mr. V. Ravi and Dr. Anish Shah as a candidate for the office of Director of the Company to be placed for approval of the Members by way of a Postal Ballot voting process.

The term of office of Mr. Ramesh Iyer, Vice-Chairman & Managing Director of the Company, expires on 29<sup>th</sup> April, 2016.

On the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 23<sup>rd</sup> April, 2016, has approved the re-appointment of Mr. Ramesh Iyer, as the Vice-Chairman & Managing Director of the Company from 30<sup>th</sup> April, 2016 to 29<sup>th</sup> April, 2021, subject to the approval of the Members to be obtained by way of Postal Ballot.

As mentioned in the previous Annual Report, Mr. Uday Y. Phadke did not seek re-appointment and accordingly ceased to be a Director upon expiry of his term at the 25<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> July, 2015.

Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

None of the Independent Directors are due for re-appointment.

#### **Key Managerial Personnel**

Mr. Ramesh Iyer, Vice-Chairman & Managing Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Ms. Arnavaz M. Pardiwala, Company Secretary of the Company have been designated as the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

None of the KMP has resigned during the year under review.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfill the criteria of independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of section 134(5) of the Companies Act, 2013, ('the Act') your Directors confirm that:

- i. In the preparation of the annual accounts for financial year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- ii. The Directors 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<sup>st</sup> March, 2016 and of the profit of the Company for the year ended on that date.

- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for financial year ended 31<sup>st</sup> March, 2016 on a going concern basis.
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **PERFORMANCE EVALUATION OF THE BOARD**

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") stipulate the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson.

The Company has formulated a Policy for performance evaluation of the Independent Directors, the Board, its Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/activities, understanding of industry and global trends, etc.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Board of Directors. A member of the Board will not participate in the discussion of his/her evaluation.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually (including Independent Directors) as well as the evaluation of the working of its Committees.

Well-defined and structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc.

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on several parameters

such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders and knowledge acquired with regard to the Company's business/activities.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. Qualitative comments and suggestions of Directors were taken into consideration by the Chairman of the Board and the Chairman of the Nomination and Remuneration Committee. The Directors have expressed their satisfaction with the evaluation process.

#### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2015-16, as required pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the website of the Company at the link: <http://www.mahindrafinance.com/pdf/familiarisation-programme-for-IDs.pdf>.

#### **POLICIES ON APPOINTMENT OF DIRECTORS AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

In accordance with the provisions of section 134(3) (e) of the Companies Act, 2013 ("the Act") read with section 178(2) of the Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has adopted a Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management, which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors.

Your Company has also adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of section 178, and the same are appended as **Annexure III-A** and **Annexure III-B** and form part of this Report.

The criteria for determining qualifications, positive attributes and independence of a Director and the Remuneration Policy for Directors, Key Managerial Personnel and other employees have been discussed in detail in the Report on Corporate Governance.

#### **AUDITORS**

##### **Statutory Auditors**

Messrs. B. K. Khare & Co., Chartered Accountants, [ICAI Firm Registration No. 105102W] the Statutory Auditors of the Company, hold office till the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for

re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint Messrs. B. K. Khare & Co., as the Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the next AGM.

As required under the provisions of section 139(1) of the Companies Act, 2013 the Company has received a written consent from Messrs. B. K. Khare & Co., Chartered Accountants to their re-appointment and a Certificate, to the effect that their re-appointment, if made, would be in accordance with the provisions of the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

##### **Secretarial Auditor**

The Board of Directors of the Company has appointed KSR & Co., Company Secretaries LLP to conduct the Secretarial Audit of the Company pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2015-16 is appended to this Report as **Annexure IV**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

##### **Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/ transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the Policy on Related Party Transactions. Pursuant to section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

The Policy on Related Party Transactions as approved by the Audit Committee and the Board of Directors of the Company is uploaded on the website of the Company and same can be accessed on the web link: <http://www.mahindrafinance.com/policies.aspx>.

## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

## **RISK MANAGEMENT POLICY**

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks.

The development and implementation of Risk Management Policy adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter, which forms part of this Annual Report.

## **WHISTLE BLOWER POLICY/VIGIL MECHANISM**

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for its Directors, Employees and Stakeholders associated with the Company to report their genuine concerns.

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the amended Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Chairman of the Company or Convenor of the Corporate Governance Cell.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. Protected disclosures can also be made by sending an email at the designated email id : [mmfsl\\_whistleblower@mahindra.com](mailto:mmfsl_whistleblower@mahindra.com).

The Whistle Blower Policy has been appropriately communicated within the Company and has also been hosted on the website of the Company: [http://www.mahindrafinance.com/pdf/MMFSL\\_VigilMechanism.pdf](http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf). No personnel have been denied access to the Audit Committee.

## **SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES**

A Report on the performance and financial position of each of the subsidiaries and the joint venture company as per the Companies Act, 2013 is provided in Form AOC-1 as Annexure A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity. The policy for determining material subsidiaries as approved may be accessed on the Company's website at the web link: <http://www.mahindrafinance.com/policies.aspx>

### **Subsidiaries**

#### **Mahindra Insurance Brokers Limited**

During the year under review, Mahindra Insurance Brokers Limited (MIBL) serviced 1.3 million insurance cases, with a total of 13,30,929 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) increased from 4,59,781 lives covered with a Sum Assured of Rs. 13,515.4 crores in the Financial Year 2014-15 to 5,13,093 lives covered with a Sum Assured of Rs. 14,792.8 crores in the Financial Year 2015-16. This is in spite of the general economic slowdown witnessed during the year having a cascading impact on the auto-manufacturing and auto financing industry. A substantial portion of MLS continues to be covered in the rural markets.

MIBL achieved a growth of 24% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 1,002.7 crores in the Financial Year 2014-15 to Rs. 1,238.6 crores in the Financial Year 2015-16.

The Total Income of MIBL increased by 18% from Rs. 126.2 crores in the Financial Year 2014-15 to Rs. 149.2 crores in the Financial Year 2015-16. The Profit before Tax increased by 15% from Rs. 65.3 crores to Rs. 75.2 crores, and the Profit after Tax increased by 13% from Rs. 42.9 crores to Rs. 48.5 crores during the same period.

#### **Mahindra Rural Housing Finance Limited**

Mahindra Rural Housing Finance Limited (MRHFL) has during the year ended 31st March, 2016, disbursed loans aggregating Rs. 1,552.5 crores (previous year Rs. 989.6 crores) achieving a growth of 57% over the previous year. Profit after tax was 42% higher at Rs. 62.7 crores as compared to Rs. 44.2 crores for the previous year. The outstanding loan portfolio as at 31st March, 2016 stood at Rs. 3,264.5 crores.

MRHFL continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.5 lakhs. During the year under review, around 1,25,074 families were given home loans (in addition to around 2,63,080 existing families as on 31st March, 2015).

MRHFL has been expanding its geographical presence, to provide affordable services for rural households and has also entered the semi-urban market segment.

### **Mahindra Asset Management Company Private Limited**

The Securities and Exchange Board of India vide its letter dated 4<sup>th</sup> February, 2016 has granted the certificate of registration to 'Mahindra Mutual Fund' ("the Fund") and approval to the Company's wholly-owned subsidiary Mahindra Asset Management Company Private Limited (MAMCPL), to act as the asset management company/ investment manager to the Fund. During the year under review, MAMCPL has not commenced any business activities.

### **Mahindra Trustee Company Private Limited**

The Securities and Exchange Board of India vide its letter dated 4<sup>th</sup> February, 2016 has granted the certificate of registration to 'Mahindra Mutual Fund' ("the Fund"). Mahindra Trustee Company Private Limited (MTCPL), the wholly-owned subsidiary of the Company, will be engaged as a Trustee to the Fund. During the year under review, MTCPL has not commenced any business activities.

### **Joint Venture**

#### **Mahindra Finance USA LLC.**

The joint venture company's disbursement registered a growth of 27.5% to USD 6,807.75 Lacs for the year ended 31<sup>st</sup> March, 2016 as compared to USD 5,337.09 Lacs for the previous year.

Income grew by 42.04% to USD 313.09 Lacs for the year ended 31<sup>st</sup> March, 2016 as compared to USD 220.43 Lacs for the previous year. Profit Before Tax was 26.36% higher at USD 89.70 Lacs as compared to USD 70.99 Lacs for the previous year. Profit After Tax grew at a healthy rate of 26.02% to USD 57.30 Lacs as compared to USD 45.47 Lacs in the previous year.

### **Names of companies which have become or ceased to be subsidiaries, joint ventures or associate companies during the year**

During the year under review, no company has become or ceased to be a subsidiary, joint venture or associate of the Company.

The Company shall provide the copy of the annual accounts of its subsidiary companies and the related information to the Members of the Company on their request. The annual accounts of the subsidiary companies will also be kept open for inspection by any Member at the Registered Office of the Company and also at the Registered Office of the respective subsidiary companies during working hours upto the date of the Annual General Meeting.

The Annual Reports of the subsidiaries will also be available on your Company's website at the link: <http://www.mahindrafinance.com/annual-reports.aspx>.

### **Material Subsidiary**

Pursuant to Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if the income or net worth of any subsidiary company exceeds 20% of the consolidated income or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding accounting year; that subsidiary would be termed as a 'Material Subsidiary'.

In view of the above, there is no material subsidiary of your Company for the Financial Year 2015-16.

### **Consolidated Financial Statements**

The Consolidated Financial Statements of the Company and its four subsidiaries viz. Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Asset Management Company Private Limited and Mahindra Trustee Company Private Limited prepared in accordance with Accounting Standard AS 21 prescribed by The Institute of Chartered Accountants of India, form part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies and its joint venture viz. Mahindra Finance USA LLC.

### **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future**

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

### **Details in respect of adequacy of internal financial controls with reference to the Financial Statements**

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Review of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc.

Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed.

### **Particulars of Remuneration and related disclosures**

Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/KMP	Designation	Ratio of the remuneration of each Director to median remuneration of employees
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2015-16.	Mr. Dhananjay Mungale	Chairman	9.88X
		Mr. Bharat Doshi#	Former Chairman	21.45X
		Mr. Uday Y. Phadke*	Non-Executive Director	NIL
		Mr. M. G. Bhide	Independent Director	10.51X
		Mr. Piyush Mankad	Independent Director	10.21X
		Mr. C. B. Bhavé	Independent Director	9.62X
		Ms. Rama Bijapurkar	Independent Director	9.58X
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL**
		Dr. Anish Shah	Non-Executive Director	NIL**
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	184.02X
		Mr. V. Ravi	Executive Director & Chief Financial Officer	85.14X
	Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	18.49X	

# Mr. Bharat Doshi has resigned as Chairman and Member of the Board w.e.f. 9<sup>th</sup> March, 2016.

\* Mr. Uday Y. Phadke has ceased to be Director of the Company w.e.f. 24<sup>th</sup> July, 2015.

\*\* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/KMP	Designation	% increase in Remuneration
2.	Percentage increase in Remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2015-16.	Mr. Dhananjay Mungale	Chairman	3.17
		Mr. Bharat Doshi#	Former Chairman	0.87
		Mr. Uday Y. Phadke*	Non-Executive Director	NIL
		Mr. M. G. Bhide	Independent Director	8.50
		Mr. Piyush Mankad	Independent Director	3.42
		Mr. C. B. Bhavé	Independent Director	N.A. @
		Ms. Rama Bijapurkar	Independent Director	18.23
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL**
		Dr. Anish Shah	Non-Executive Director	NIL**
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	-32.43
		Mr. V. Ravi	Executive Director & Chief Financial Officer	-38.06
	Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	4.56	

# Mr. Bharat Doshi has resigned as Chairman and Member of the Board w.e.f. 9<sup>th</sup> March, 2016.

\* Mr. Uday Y. Phadke has ceased to be Director of the Company w.e.f. 24<sup>th</sup> July, 2015.

@ Details not given as Mr. C. B. Bhavé was a Director only for part of the Financial Year 2014-15.

\*\* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.

3.	Percentage increase in the median Remuneration of employees in the Financial Year	9.93% considering employees who were in employment for the whole of the Financial Year 2014-15 and Financial Year 2015-16.
4.	Number of Permanent employees on the rolls of the Company as on 31 <sup>st</sup> March, 2016	15,955
5.	Explanation on relationship between average increase in Remuneration and Company performance	The increase in the Remuneration is in line with the financial performance of the Company, market trends and Industry benchmarking. On an average, employees received an annual increase of 9.93 %. The individual increment varied from 8% to 12% based on individual performance

6.	Comparison of Remuneration of the Key Managerial Personnel against the performance of the Company	The Key Managerial Personnel were paid approximately 0.65% in aggregate of the Profit Before Tax during the Financial Year 2015-16.
7.	a) Variations in the market capitalisation of the Company	The market capitalisation as on 31 <sup>st</sup> March, 2016 was Rs. 13,881 crores (Rs. 14,441 crores as on 31 <sup>st</sup> March, 2015) indicating a decline of 3.88%.
	b) Price Earnings ratio of the Company as at the closing date of current financial year and previous financial year	Price Earnings ratio of the Company was 20.47 as at 31 <sup>st</sup> March, 2016 and was 17.21 as at 31 <sup>st</sup> March, 2015.
	(c) Percent increase/decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	The Company's stock price as at 31 <sup>st</sup> March, 2016 has increased by 510.12% to Rs. 244.05 (NSE closing) over the last public offering i.e. IPO in February 2006 at the price of Rs. 200 per share (subdivision adjusted price Rs. 40).
8.	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2015-16 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	For employees other than Managerial Personnel who were in employment for the whole of Financial Year 2014-15 and Financial Year 2015-16, the average increase is 9.91%.  Average decrease for Managerial Personnel is 32.71%

Sr. No.	Disclosure Requirement	Name of KMP	Designation	% to Profit Before Tax for F.Y. 2015-16
9.	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	Mr. Ramesh Iyer	Vice-Chairman & Managing Director	0.42
		Mr. V. Ravi	Executive Director & Chief Financial Officer	0.19
		Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	0.04
10.	Key parameters for any variable component of remuneration availed by the directors	The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee in accordance with the Remuneration Policy for Directors. The Performance Pay of the Managing Director is aggregate of Individual Key Result Areas and Company's Key Performance Indicators.  Non-Executive Directors (NEDs) are paid commission upto 1% of the Net Profits of the Company computed as per the applicable provisions of the Companies Act, 2013 and as approved by the Shareholders in the General Meeting. The said commission is decided each year by the Board of Directors and distributed amongst the NEDs.		
11.	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable		
12.	Affirmation that the remuneration is as per the Remuneration Policy of the Company.	The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company.		

Notes:

- 1) The remuneration calculated is as per section 2(78) of the Companies Act, 2013 and includes the perquisite value of Stock Options of the Company exercised during the year.
- 2) The calculations are based on Employees who were on the rolls of the Company for the whole of the Financial Year 2014-15 and Financial Year 2015-16.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer of the Company do not receive any remuneration or commission from any of the subsidiaries of the Company. However, Mr. Iyer has been granted stock options under the Employees' Stock Option Scheme of the holding Company, Mahindra & Mahindra Limited.

The Company had 19 employees who were in receipt of remuneration of not less than Rs. 60 lakhs during the year ended 31<sup>st</sup> March, 2016 or not less than Rs. 5,00,000 per month during any part of the year.

A Statement giving details of employee remuneration as required under provisions of section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended separately and forms part of this Report. In terms of the first proviso to section 136 of the Act, the Report and Accounts are being sent to the Shareholders excluding these particulars. The details are also available at the Registered Office of the Company during working hours 21 days before the Annual General Meeting and shall be made available to any Shareholder on request. Such details are also available on your Company's website at: <http://www.mahindrafinance.com/annual-reports.aspx>.

None of the employees listed in the said Statement is a relative of any Director of the Company.

None of the employees holds either by himself/herself or along with his/her spouse or dependent children, more than two per cent of the Equity Shares of the Company.

#### **Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has in place an appropriate Policy in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to prevent sexual harassment of its employees.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

All employees (permanent, contractual, temporary and trainees) are covered under this Policy.

The Company ensures that no employee is disadvantaged by way of gender discrimination.

The following is a summary of Sexual Harassment complaints received and disposed off during the year 2015-16, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

- (a) Number of complaints of Sexual Harassment received during the year – 3
- (b) Number of complaints disposed off during the year – 3
- (c) Number of cases pending for more than 90 days – 0
- (d) Number of workshops/awareness programme against sexual harassment carried out – 10 workshops were

conducted. Awareness on sexual harassment was carried out in branches pan-India for all employees of the Company.

- (e) Nature of action taken by the employer or District Officer – one case was withdrawn, two warning letters have been issued by the Company.

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

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under sub-section (3) (m) of section 134 of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 are given as under :

##### **(A) Conservation of Energy**

- (i) The steps taken or impact on conservation of energy:  
The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption. Select few steps are listed :
  - a) Installation of Solar UPS in different States.
  - b) LED Light in office in place of CFL in offices.
  - c) Installation of windmills and solar panels in various offices.
- (ii) The steps taken by the Company for utilizing alternate sources of energy:  
During the year the Company has spent Rs. 0.11 crores towards implementing solar power system in various branches.
- (iii) The capital investment on energy conservation equipments: Nil

##### **(B) Technology Absorption**

- (i) The efforts made towards technology absorption: Not Applicable.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable.
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): Not Applicable.
  - (a) Details of Technology Imported;
  - (b) Year of Import;
  - (c) Whether the Technology has been fully absorbed;
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.
- (iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

##### **(C) Foreign Exchange Earnings and Outgo**

The information on foreign exchange outgo is furnished in the Notes to the Accounts. There were no foreign exchange earnings during the year.

For and on behalf of the Board

**Dhananjay Mungale**  
Chairman

Place: Mumbai  
Date : 23<sup>rd</sup> April, 2016

**PARTICULARS OF LOANS/ADVANCES AND INVESTMENT IN ITS OWN SHARES BY LISTED COMPANIES, THEIR SUBSIDIARIES, ASSOCIATES, ETC., REQUIRED TO BE DISCLOSED IN THE ANNUAL ACCOUNTS OF THE COMPANY PURSUANT TO REGULATION 34 READ WITH PARAGRAPH A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

**Loans and advances in the nature of loans to subsidiaries:**

Name of the Company	Balance as on 31 <sup>st</sup> March, 2016	Maximum Outstanding during the year
Mahindra Rural Housing Finance Limited	46.56	46.56

The Company has not made any loans and advances in the nature of loans to associates or loans and advances in the nature of loans at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan, pursuant to Section 186 of the Companies Act, 2013.



## ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

#### CSR Policy

At Mahindra & Mahindra Financial Services Limited (MMFSL or 'the Company') we sincerely believe that the actions of the organization and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with our external stakeholders, MMFSL strives to become an asset in the communities where it operates. As part of our Corporate Social Responsibility (CSR), we actively implement projects and initiatives for the betterment of society, communities and the environment.

The Company has already constituted a Corporate Social Responsibility Committee on 15<sup>th</sup> March, 2013 and has aligned its CSR Policy in accordance with the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 to make it compliant with the provisions of the Act and the Rules and to undertake the admissible CSR activities notified by the Ministry of Corporate Affairs in Schedule VII to the Act.

The CSR Policy and details of the projects undertaken by the Company are available at the link <http://www.mahindrafinance.com/csr.aspx>.

2. **The Composition of the CSR Committee:** Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah.
3. **Average net profit of the Company for last three Financial Years:** Rs. 1,45,163.90 Lacs
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) :** Rs. 2,903.28 Lacs
5. **Details of CSR spent during the financial year.**
  - (a) Total amount spent for the financial year; .....: Rs. 2,905.95 Lacs
  - (b) Amount unspent, if any; .....: NIL
  - (c) Manner in which the amount spent during the Financial Year is detailed below:

#### Statement of CSR activities and expenditure in the Financial Year 2015-16

Rs. in Lacs

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered [Refer Note]	(4) Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs		(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
1	Supporting the PM's clean India campaign by building toilets for girls under the Swachh Bharat Swachh Vidyalaya Program and maintenance of such toilets	(i)	Mumbai, Nasik (Maharashtra)	530.00	530.00	0.00	530.00	Mahindra Foundation

Rs. in Lacs

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered [Refer Note]	(4) Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs		(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
2	Organizing Blood Donation, General Health Camps, Eye Checkup Camps and Providing Medical Aid	(i)	Una (Himachal Pradesh), Vijayawada, Karimnagar, Nizamabad, Kurnool (Andhra Pradesh), Ahmedabad, Himmatnagar, Mehsana (Gujarat), Trichy, Madurai, Tirupathi (Tamil Nadu), Hissar (Haryana), Jodhpur, Kota, Jhalawar, Udaipur (Rajasthan), Guwahati (Assam), Kolkata (West Bengal), Gangtok (Sikkim), Dehradun (Uttarakhand), Ranchi (Jharkhand), Nasik, Jawhar, Mumbai, Aurangabad and Jalna (Maharashtra)	54.12	54.12	0.00	54.12	Self-Implemented and through NGOs: Chatrapati Shahu Pratishthan, Think Foundation, Rasika Ranjani Sabha
3	Promoting access to healthcare for marginalized populations by providing ambulance, medical equipments, infrastructure support for hospitals	(i)	Kolkata, Sonarpur (West Bengal), Thane (Maharashtra), Raichur, Bengaluru (Karnataka) Satna (Madhya Pradesh), Thrissur (Kerala), Ananthpur (Andhra Pradesh), Chennai (Tamil Nadu), Muzaffarpur (Bihar), Nagpur, Kolhapur, Shahapur, Mumbai (Maharashtra), Allahabad, Lucknow, (Uttar Pradesh), Malda, (West Bengal), Rajkot (Gujarat), Kullu (Himachal Pradesh), Yamunanagar, Panchkula, Faridabad (Haryana), Ranchi (Jharkhand), Jaipur (Rajasthan), Bhubaneswar (Orissa)	282.80	282.80	0.00	282.80	Think Foundation, Sri Balaji Health Care, Indian Development Foundation, Shramajeevi Gramin and Nagarabhivruddhi Samstha, Seva Ashram, Shri Sadguru Seva, Sangh Trust, Janakeeya Samithi, Rural Development Trust, Sri Sathya Sai Seva Organisation, Satya Manav Uthan Sansthan, Rashtrasant Tukdoji Regional Cancer Hospital & Research Centre, Chatrapati Shahu Cancer Research foundation, Nazareth Hospital, Haiderpur Shelter of Malda, Sri Ranchhoddasji Babu Charitable Hospital, Himalaya Nav Chetna Society, Family Planning Association of India, Liver Foundation, Sri Kanchi Kamakoti Medical Trust, Sadguru Daskishin Saibaba Mandal, Jankalyan Charitable Trust, International Association for Human Values

Rs. in Lacs

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered [Refer Note]	Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
4	Supporting Lifeline Express to provide on-the-spot diagnostic, surgical and other medical services to poor families in rural areas	(i)	Uttar Pradesh	69.40	69.40	0.00	69.40	Impact India Foundation
5	Providing medical and vision correction facilities for marginalized patients	(i)	Mumbai (Maharashtra), Bengaluru (Karnataka), Jorhat (Assam)	31.27	31.27	0.00	31.27	Vision Foundation of India, Sri Kanchi Kamakoti Medical Trust, Centre for North East Studies and Policy Research
6	Supporting education of marginalized girls through project 'Nanhi Kali'	(ii)	Mumbai (Maharashtra)	252.35	252.35	0.00	252.35	K.C. Mahindra Education Trust
7	Educational support to schools and under privileged students by helping them provide with quality education, uniforms, notebooks, textbooks, etc.	(ii)	Mumbai (Maharashtra) Guwahati (Assam), Muzaffarpur (Bihar), Medak & Secunderabad (Andhra Pradesh), Narasingapuram, Dindigul (Tamil Nadu), Bengaluru (Karnataka), Shillong (Meghalaya), Palanpur, Meerut (Uttar Pradesh), Bhubaneswar (Orissa), Lucknow (Uttar Pradesh), Bhopal, Jabalpur (Madhya Pradesh), Kutch (Gujarat)	57.77	57.77	0.00	57.77	Self-Implemented, Namasan keerthana, Sree Narayana Mandira Samiti, Prime Education Health Learning Services, Gosumec Alumni Association, Naandi Foundation, The Noronha Foundation, Saraswatam
8	Provide socially and economically disadvantaged youth with training in Retail, Hospitality or IT sector in 'Mahindra Pride School'	(ii)	Patna (Bihar), Hyderabad (Telangana), Chennai (Tamil Nadu) & Pune (Maharashtra)	550.00	550.00	0.00	550.00	K.C. Mahindra Education Trust, Naandi Foundation
9	Promoting financial literacy among school students through various initiatives like financial literacy courses and distribution of financial literacy kits	(ii)	Jaipur, Udaipur, (Rajasthan) Bhubaneswar (Orissa), Kolkata (West Bengal), Hyderabad (Telangana), Lucknow (Uttar Pradesh), Patna (Bihar), Bengaluru and Hubli (Karnataka), Chennai and Trichi (Tamil Nadu)	206.07	206.07	0.00	206.07	Self implemented, Mahindra Foundation, Naandi Foundation

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered [Refer Note]	(4) Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs		(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
10	Vocational Training for unemployed youths and women for financial skills and drivers training respectively to make them employable.	(ii)	Chennai, Dindigul & Coimbatore (Tamil Nadu), Patna (Bihar) Gorakhpur, Lucknow, Allahabad, Muzzafarpur (Uttar Pradesh), Dharwad, Bengaluru, Mangalore (Karnataka), Palghar (Maharashtra), Delhi/ NCR (New Delhi), Ranchi (Jharkhand), Guwahati (Assam), Gurgaon (Haryana)	289.01	289.01	0.00	289.01	Nidan, Milap, Azad Foundation, ANEW, Udyogini, Shri Sathya Sai Books and Publications Trust
11	Scholarship for Graduate & Undergraduate needy students from rural areas	(ii)	Kerala, Karnataka, Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Chhattisgarh, Punjab, Haryana, Uttarakhand, Tamil Nadu, Andhra Pradesh, Uttar Pradesh, Jharkhand, West Bengal, Orissa, Assam	376.50	376.50	0.00	376.50	K.C. Mahindra Education Trust, Think Foundation, Naandi Foundation, Dharmistha Mithan
12	Supporting old age homes, orphanages and differently abled homes	(iii)	Srinagar (Jammu and Kashmir), Haridwar (Uttarakhand), Kota, Jaipur, Sriganganagar, Bikaner (Rajasthan), Pune, Mumbai, Karjat, Panvel (Maharashtra), Chennai (Tamil Nadu), Kurnool (Andhra Pradesh), Patna (Bihar)	13.01	13.01	0.00	13.01	Self- Implemented, Desire Society, Janakalyan Sevashram
13	Environmental conservation and restoration programs, including tree plantation, rain water harvesting systems installation	(iv)	Uttar Pradesh, Maharashtra, Madhya Pradesh Gujarat, Rajasthan, Andhra Pradesh and Telangana, Bihar, Chhattisgarh, Delhi, Gujarat, Haryana, Himachal Pradesh and Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Odisha, Punjab, Tamil Nadu, Uttarakhand & Uttar Pradesh, West Bengal	48.95	48.95	0.00	48.95	Self-Implemented, South Indian Education Society, WWH
14	Supporting programs to promote Indian art and culture	(v)	Mumbai (Maharashtra)	16.00	16.00	0.00	16.00	Sri Shanmukhanada Fine Arts and Sangeetha, Indian Cultural Foundation, Kala Sangam Trust

Rs. in Lacs

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered [Refer Note]	Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
15	Supporting social enterprises working to address problems in rural India through DST certified Incubation Centers	(ix)	Chennai (Tamil Nadu), Ahmedabad (Gujarat)	100.00	100.00	0.00	100.00	CIE (Centre for Innovation and Entrepreneurship) and Villgro
16	Vehicle donation for Rural Development Project	(x)	Dehradun (Uttarakhand)	5.50	5.50	0.00	5.50	The Friends of Doon Society
17	CSR Administrative Expenses	Overheads		23.20	0.00	23.20	23.20	
<b>Total</b>				<b>2,905.95</b>	<b>2,882.35</b>	<b>23.20</b>	<b>2,905.95</b>	

**Note:**

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
  - (ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
  - (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
  - (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga.
  - (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
  - (x) Rural development projects.
6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report : Not Applicable**
7. **The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

**For Mahindra & Mahindra Financial Services Limited**

**For and on behalf of the Corporate Social Responsibility Committee of Mahindra & Mahindra Financial Services Limited**

**Ramesh Iyer**  
Vice-Chairman & Managing Director

**Piyush Mankad**  
Chairman  
Corporate Social Responsibility Committee

Place: Mumbai  
Date : 23<sup>rd</sup> April, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

CIN	L65921MH1991PLC059642
Registration Date	01/01/1991
Name of the Company	Mahindra & Mahindra Financial Services Limited
Category/Sub-Category of the Company	Public Company/Limited by Shares
Address of the Registered Office and contact details	Gateway Building, Apollo Bunder, Mumbai- 400 001. Tel. : +91 22 2289 5500; Fax : +91 22 2287 5485 Email: investorhelpline_mmfs@mahindra.com Website: www.mahindrafinance.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit: Mahindra & Mahindra Financial Services Limited Karvy Selenium, Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 Email : einward.ris@karvy.com Tel. : 040-6716 2222 Fax : 040-2300 1153 Toll Free No. : 1800 345 4001

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	Asset Financing	64990	91.52%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Holding Company	51.20%	Section 2(46)
2.	Mahindra Insurance Brokers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65990MH1987PLC042609	Subsidiary Company	85.00%	Section 2(87)(ii)
3.	Mahindra Rural Housing Finance Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65922MH2007PLC169791	Subsidiary Company	87.50%	Section 2(87)(ii)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4.	Mahindra Asset Management Company Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65900MH2013PTC244758	Subsidiary Company	100.00%	Section 2(87)(ii)
5.	Mahindra Trustee Company Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U67100MH2013PTC245464	Subsidiary Company	100.00%	Section 2(87)(ii)
6.	Mahindra Finance USA LLC Corporate Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.	–	Associate Company	49.00%	Section 2(6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

##### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2015)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	29,12,07,660	0	29,12,07,660	51.20	29,12,07,660	0	29,12,07,660	51.20	0.00
e) Banks/Fl	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other (MMFSL ESOP Trust)	46,24,289	0	46,24,289	0.81	41,63,582	0	41,63,582	0.73	-0.08
<b>Sub-total (A)(1)</b>	<b>29,58,31,949</b>	<b>0</b>	<b>29,58,31,949</b>	<b>52.01</b>	<b>29,53,71,242</b>	<b>0</b>	<b>29,53,71,242</b>	<b>51.93</b>	<b>- 0.08</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/Fl	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>29,58,31,949</b>	<b>0</b>	<b>29,58,31,949</b>	<b>52.01</b>	<b>29,53,71,242</b>	<b>0</b>	<b>29,53,71,242</b>	<b>51.93</b>	<b>- 0.08</b>

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2015)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	1,66,12,539	0	1,66,12,539	2.92	4,41,36,968	0	4,41,36,968	7.76	4.84
b) Banks/FI	24,34,325	0	24,34,325	0.43	63,30,301	0	63,30,301	1.11	0.68
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	18,55,000	0	18,55,000	0.33	18,55,000	0	18,55,000	0.33	0.00
f) Insurance Companies	18,00,208	0	18,00,208	0.32	20,28,550	0	20,28,550	0.36	0.04
g) FIs	21,69,75,286	0	21,69,75,286	38.15	19,14,64,366	0	19,14,64,366	33.66	- 4.49
h) Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1)</b>	<b>23,96,77,358</b>	<b>0</b>	<b>23,96,77,358</b>	<b>42.14</b>	<b>24,58,15,185</b>	<b>0</b>	<b>24,58,15,185</b>	<b>43.22</b>	<b>1.08</b>
<b>2. Non-Institution</b>									
<b>a) Bodies Corporate</b>									
i) Indian	60,46,964	4,22,490	64,69,454	1.14	42,44,560	1,72,490	44,17,050	0.78	- 0.36
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,62,84,532	5,82,545	1,68,67,077	2.97	1,40,45,977	5,02,360	1,45,48,337	2.56	-0.41
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	63,30,508	6,18,115	69,48,623	1.22	57,07,629	2,85,710	59,93,339	1.05	-0.17
<b>c) Others (specify)</b>									
Clearing Members	12,96,242	0	12,96,242	0.23	6,29,580	0	6,29,580	0.11	- 0.12
Non Resident Indians	8,11,546	0	8,11,546	0.14	11,30,036	0	11,30,036	0.20	0.06
Trusts	8,62,711	0	8,62,711	0.15	8,60,191	0	8,60,191	0.15	0.00
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(2)</b>	<b>3,16,32,503</b>	<b>16,23,150</b>	<b>3,32,55,653</b>	<b>5.85</b>	<b>2,66,17,973</b>	<b>9,60,560</b>	<b>2,75,78,533</b>	<b>4.85</b>	<b>-1.00</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>27,13,09,861</b>	<b>16,23,150</b>	<b>27,29,33,011</b>	<b>47.99</b>	<b>27,24,33,158</b>	<b>9,60,560</b>	<b>27,33,93,718</b>	<b>48.07</b>	<b>0.08</b>



Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2015)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	56,71,41,810	16,23,150	56,87,64,960	100.00	56,78,04,400	9,60,560	56,87,64,960	100.00	0.00

**(ii) Shareholding of Promoters:**

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2015)			No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2016)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	29,12,07,660	51.20	0	29,12,07,660	51.20	0	0
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust	46,24,289	0.81	0	41,63,582	0.73	0	-0.08
	<b>Total</b>	29,58,31,949	52.01	0	29,53,71,242	51.93	0	-0.08

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.	Particulars	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)		No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Mahindra &amp; Mahindra Limited</b>				
	At the beginning of the year	29,12,07,660	51.20	29,12,07,660	51.20
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	<b>At the end of the year</b>	<b>29,12,07,660</b>	<b>51.20</b>	<b>29,12,07,660</b>	<b>51.20</b>
2.	<b>Mahindra &amp; Mahindra Financial Services Limited Employees' Stock Option Trust</b>				
	At the beginning of the year	46,24,289	0.81	46,24,289	0.81
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)*	-4,60,707	-0.08	41,63,582	0.73
	<b>At the End of the year</b>	<b>41,63,582</b>	<b>0.73</b>	<b>41,63,582</b>	<b>0.73</b>

Note: 1) There is no change in the total shareholding of the Promoter viz. Mahindra & Mahindra Limited from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016.

2) \*The decrease in total shares held by the Trust from 46,24,289 shares to 41,63,582 shares is due to ESOP allotment of 4,60,707 shares during the year.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2015)/end of the year (31/03/2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Government of Singapore*	51,40,094	0.9	01-04-2015		Market Purchase & Sale	51,40,094	0.90
				10-04-2015	40,454		51,80,548	0.91
				24-04-2015	-3,424		51,77,124	0.91
				01-05-2015	-11,56,052		40,21,072	0.71
				08-05-2015	-81,344		39,39,728	0.69
				15-05-2015	-3,47,785		35,91,943	0.63
				05-06-2015	10,812		36,02,755	0.63
				12-06-2015	-5,654		35,97,101	0.63
				03-07-2015	1,02,960		37,00,061	0.65
				10-07-2015	66,827		37,66,888	0.66
				31-07-2015	40,477		38,07,365	0.67
				07-08-2015	1,00,336		39,07,701	0.69
				21-08-2015	-12,653		38,95,048	0.68
				28-08-2015	2,04,924		40,99,972	0.72
				04-09-2015	2,98,580		43,98,552	0.77
				11-09-2015	-1,20,361		42,78,191	0.75
				02-10-2015	56,881		43,35,072	0.76
				09-10-2015	1,93,627		45,28,699	0.80
				23-10-2015	-4,245		45,24,454	0.80
				30-10-2015	-61,493		44,62,961	0.78
				06-11-2015	-9,412		44,53,549	0.78
				13-11-2015	-45,084		44,08,465	0.78
				20-11-2015	-6,712		44,01,753	0.77
				04-12-2015	-1,21,411		42,80,342	0.75
				11-12-2015	-18,579		42,61,763	0.75
				31-12-2015	-20,856		42,40,907	0.75
				08-01-2016	71,302		43,12,209	0.76
				15-01-2016	-4,097		43,08,112	0.76
				29-01-2016	1,41,538		44,49,650	0.78
				05-02-2016	3,00,333		47,49,983	0.84
		12-02-2016	73,829	48,23,812	0.85			
		04-03-2016	1,03,706	49,27,518	0.87			
		11-03-2016	-2,447	49,25,071	0.87			
		48,33,943	0.85	31-03-2016	-91,128	48,33,943	0.85	
2	JP Morgan Sicav Investment Company (Mauritius) Limited	63,65,923	1.12	01-04-2015		Market Sale	63,65,923	1.12
				12-02-2016	-4,50,822		59,15,101	1.04
				19-02-2016	-3,65,398		55,49,703	0.98
		55,49,703	0.98	31-03-2016			55,49,703	0.98

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2015)/end of the year (31/03/2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
3	JP Morgan India Fund*	45,24,009	0.80	01-04-2015		Market Purchase & Sale	45,24,009	0.80
				10-04-2015	5,80,000		51,04,009	0.90
				04-09-2015	-1,10,000		49,94,009	0.88
		49,94,009	0.80	31-03-2016			49,94,009	0.88
4	Bank of Muscat A O G A/C Bank Muscat India Fund	53,80,135	0.95	01-04-2015		No Change in the Shareholding during the year	53,80,135	0.95
5	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund*	47,97,860	0.84	01-04-2015		Market Sale & Purchase	47,97,860	0.84
				01-05-2015	3,630		48,01,490	0.84
				08-05-2015	4,125		48,05,615	0.84
				24-07-2015	77,675		48,83,290	0.86
				14-08-2015	-4,125		48,79,165	0.86
				21-08-2015	-9,900		48,69,265	0.86
				28-08-2015	-19,305		48,49,960	0.85
				04-09-2015	-26,400		48,23,560	0.85
				11-09-2015	-13,860		48,09,700	0.85
				20-11-2015	-30,911		47,78,789	0.84
				27-11-2015	-7,213		47,71,576	0.84
				18-12-2015	-22,212		47,49,364	0.84
				25-12-2015	-10,674		47,38,690	0.83
				15-01-2016	-30,037		47,08,653	0.83
				22-01-2016	-15,840		46,92,813	0.83
				05-02-2016	-55,590		46,37,223	0.82
				12-02-2016	-21,595		46,15,628	0.81
				26-02-2016	-8,451		46,07,177	0.81
				04-03-2016	-9,116		45,98,061	0.81
				11-03-2016	11,820		46,09,881	0.81
		18-03-2016	-35,671	45,74,210	0.80			
		25-03-2016	-53,384	45,20,826	0.79			
		45,20,826	0.79	31-03-2016		45,20,826	0.79	
6	Franklin Templeton Investment Funds	1,47,71,995	2.60	01-04-2015		Market Purchase	1,47,71,995	2.60
				10-04-2015	60,514		1,48,32,509	2.61
				20-11-2015	13,500		1,48,46,009	2.61
				04-12-2015	5,86,500		1,54,32,509	2.71
				18-12-2015	38,545		1,54,71,054	2.72
		1,54,71,054	2.72	31-03-2016			1,54,71,054	2.72

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2015)/end of the year (31/03/2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
7	Stichting Pensioenfonds ABP*	47,26,799	0.83	01-04-2015		Market Sale and Purchase	47,26,799	0.83
				12-06-2015	94,826		48,21,625	0.85
				17-07-2015	22,525		48,44,150	0.85
				07-08-2015	67,006		49,11,156	0.86
				21-08-2015	-49,11,156		0	0.00
		0	0.00	31-03-2016			0	0.00
8	FIL Investment (Mauritius) Ltd	52,23,616	0.92	01-04-2015		No Change in the Shareholding during the year	52,23,616	0.92
9	Fidelity Funds Emerging Markets Fund*	72,38,417	1.27	01-04-2015		Market Sale & Purchase	72,38,417	1.27
				10-04-2015	3,31,988		75,70,405	1.33
				17-04-2015	2,12,643		77,83,048	1.37
				01-05-2015	-2,84,310		74,98,738	1.32
				15-05-2015	-3,21,092		71,77,646	1.26
				22-05-2015	-7,61,484		64,16,162	1.13
				29-05-2015	-2,55,049		61,61,113	1.08
				05-06-2015	-5,32,338		56,28,775	0.99
				12-06-2015	-7,60,882		48,67,893	0.86
				19-06-2015	-13,50,892		35,17,001	0.62
				26-06-2015	-7,07,784		28,09,217	0.49
				10-07-2015	12,89,217		40,98,434	0.72
				17-07-2015	2,81,126		43,79,560	0.77
				24-07-2015	1,82,389		45,61,949	0.80
				31-07-2015	3,82,483		49,44,432	0.87
				21-08-2015	1,79,765		51,24,197	0.90
				28-08-2015	95,574		52,19,771	0.92
				04-09-2015	1,55,380		53,75,151	0.95
				11-09-2015	-1,15,055		52,60,096	0.92
				18-09-2015	-2,69,311		49,90,785	0.88
				25-09-2015	-4,59,768		45,31,017	0.80
				30-09-2015	-5,20,734		40,10,283	0.71
				16-10-2015	-4,87,079		35,23,204	0.62
				23-10-2015	-12,01,409		23,21,795	0.41
		30-10-2015	-11,17,855	12,03,940	0.21			
		06-11-2015	-3,55,837	8,48,103	0.15			
		13-11-2015	-4,02,774	4,45,329	0.08			
		20-11-2015	-4,45,329	0	0.00			
		0	0.00	31-03-2016		0	0.00	
10	Aranda Investments (Mauritius) Pte. Ltd.	2,15,84,290	3.79	01-04-2015		Market Sale	2,15,84,290	3.79
				04-09-2015	-59,24,900		1,56,59,390	2.75
				11-09-2015	-15,00,000		1,41,59,390	2.49
		1,41,59,390	2.49	31-03-2016			1,41,59,390	2.49

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2015)/end of the year (31/03/2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
11	Amansa Holdings Private Limited#	42,83,579	0.75	01-04-2015			42,83,579	0.75
				10-04-2015	12,07,038		54,90,617	0.97
				17-04-2015	2,50,000		57,40,617	1.01
				24-04-2015	2,60,000		60,00,617	1.06
				01-05-2015	5,00,000		65,00,617	1.14
				29-05-2015	72,697		65,73,314	1.16
				05-06-2015	5,70,356		71,43,670	1.26
				12-06-2015	4,49,643		75,93,313	1.34
				19-06-2015	9,48,043		85,41,356	1.50
				28-08-2015	5,44,662		90,86,018	1.60
				04-09-2015	1,00,000		91,86,018	1.62
				11-09-2015	14,62,925		1,06,48,943	1.87
				18-09-2015	65,849		1,07,14,792	1.88
				25-09-2015	2,39,262		1,09,54,054	1.93
				30-09-2015	7,50,000		1,17,04,054	2.06
				02-10-2015	2,58,472		1,19,62,526	2.10
				09-10-2015	23,00,000		1,42,62,526	2.51
				23-10-2015	2,88,373		1,45,50,899	2.56
				06-11-2015	9,73,247		1,55,24,146	2.73
				22-01-2016	64,277		1,55,88,423	2.74
		29-01-2016	12,85,339		1,68,73,762	2.97		
		19-02-2016	72,997		1,69,46,759	2.98		
		11-03-2016	-1,93,290		1,67,53,469	2.95		
		18-03-2016	-16,45,007		1,51,08,462	2.66		
		1,51,08,462	2.66	31-03-2016		1,51,08,462	2.66	
12	UTI-MID CAP Fund#	29,79,912	0.52	01-04-2015			29,79,912	0.52
				10-04-2015	7,911		29,87,823	0.53
				24-07-2015	80,000		30,67,823	0.54
				31-07-2015	40,000		31,07,823	0.55
				07-08-2015	21,661		31,29,484	0.55
				28-08-2015	80,438		32,09,922	0.56
				04-09-2015	15,990		32,25,912	0.57
				11-09-2015	8,98,755		41,24,667	0.73
				30-09-2015	762		41,25,429	0.73
				09-10-2015	2,05,000		43,30,429	0.76
				30-10-2015	44,493		43,74,922	0.77
				06-11-2015	80,698		44,55,620	0.78
				13-11-2015	936		44,56,556	0.78
				26-02-2016	4,00,000		48,56,556	0.85
				18-03-2016	3,02,632		51,59,188	0.91
		51,59,188	0.91	31-03-2016		51,59,188	0.91	

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2015)/end of the year (31/03/2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
13	Life Insurance Corporation of India#	17,91,998	0.32	01-04-2015		Market Purchase	17,91,998	0.32
				19-06-2015	5,99,256		23,91,254	0.42
				26-06-2015	65,805		24,57,059	0.43
				30-09-2015	2,00,018		26,57,077	0.47
				02-10-2015	2,67,220		29,24,297	0.51
				09-10-2015	10,05,090		39,29,387	0.69
				16-10-2015	9,54,270		48,83,657	0.86
				23-10-2015	5,73,810		54,57,467	0.96
				30-10-2015	5,44,015		60,01,482	1.06
				31-03-2016			60,01,482	1.06
14	Stichting Depository APG Emerging Markets Equity Pool#	0	0.00	01-04-2015		Market Purchase	0	0.00
				21-08-2015	49,11,156		49,11,156	0.86
				04-03-2016	1,29,732		50,40,888	0.89
		50,40,888	0.89	31-03-2016			50,40,888	0.89
15	ICICI Prudential Balanced Advantage Fund#	0	0	01-04-2015		Market Purchase	0	0.00
				03-07-2015	56,822		56,822	0.01
				31-07-2015	13,94,982		14,51,804	0.26
				07-08-2015	4,20,162		18,71,966	0.33
				28-08-2015	3,72,498		22,44,464	0.39
				11-09-2015	5,42,224		27,86,688	0.49
				30-09-2015	1,46,220		29,32,908	0.52
				30-10-2015	7,85,707		37,18,615	0.65
				13-11-2015	2,50,409		39,69,024	0.70
				20-11-2015	58,000		40,27,024	0.71
				11-12-2015	1,73,510		42,00,534	0.74
				18-12-2015	3,40,261		45,40,795	0.80
				22-01-2016	4,93,889		50,34,684	0.89
				29-01-2016	6,17,044		56,51,728	0.99
				05-02-2016	6,27,505		62,79,233	1.10
		31-03-2016		62,79,233	1.10			

@ Based on the beneficiary position as at the end of each week.

\* Ceased to be in the list of Top 10 Shareholders as on 31-03-2016. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 01-04-2015.

# Not in the list of Top 10 Shareholders as on 01-04-2015. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31-03-2016.

**(v) Shareholding of Directors and Key Managerial Personnel**

SI. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2015)/ end of the year (31/03/2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
A	DIRECTORS							
1.	Mr. Bharat Doshi Former Chairman (Ceased to be Director w.e.f. 9 <sup>th</sup> March, 2016)	6,42,720	0.11	01-04-2015	0	No Change in the Shareholding till 9 <sup>th</sup> March, 2016	6,42,720	0.11
2	Mr. Dhananjay Mungale Chairman and Independent Director	50,000	0.01	01-04-2015	0	No Change in the Shareholding during the year	50,000	0.01
3	Mr. Ramesh Iyer, Vice-Chairman & Managing Director	5,96,350	0.10	01-04-2015		ESOP Allotment	5,96,350	0.10
				25-09-2015	40,030		6,36,380	0.11
		6,36,380	0.11	31-03-2016			6,36,380	0.11
4	Mr. Uday Y. Phadke Non-Executive Non-Independent Director (Ceased to be Director w.e.f. 24 <sup>th</sup> July, 2015)	80,505	0.01	01-04-2015	0	No Change in the Shareholding till 24 <sup>th</sup> July, 2015	80,505	0.01
5	Mr. M. G. Bhide Independent Director	50,000	0.01	01-04-2015	0	No Change in the Shareholding during the year	50,000	0.01
6	Mr. Piyush Mankad Independent Director	50,000	0.01	01-04-2015	0	No Change in the Shareholding during the year	50,000	0.01
7	Mr. C. B. Bhawe Independent Director	0	0.00	01-04-2015	0	No Change in the Shareholding during the year	0	0.00
8	Ms. Rama Bijapurkar Independent Director	50,000	0.01	01-04-2015	0	No Change in the Shareholding during the year	50,000	0.01
9	Mr. V. S. Parthasarathy Non-Executive Non-Independent Director	250	0.00	01-04-2015	0	No Change in the Shareholding during the year	250	0.00
10	Dr. Anish Shah (appointed as Additional Director w.e.f. 18 <sup>th</sup> March, 2016)	0	0.00	18-03-2016	0	No Change in the Shareholding during the year	0	0.00

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2015)/ end of the year (31/03/2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
11	Mr. V. Ravi Executive Director & Chief Financial Officer (appointed as Executive Director w.e.f. 25 <sup>th</sup> July, 2015)	4,63,285	0.08	01-04-2015		ESOP Allotment	4,63,285	0.08
				22-05-2015	15,565		4,78,850	0.08
		4,78,850	0.08	31-03-2016			4,78,850	0.08
12	Ms. Arnava M. Pardiwala Company Secretary & Compliance Officer	4,935	0.00	01-04-2015		ESOP Allotment	4,935	0.00
				22-05-2015	1,645		6,580	0.00
		6,580	0.00	31-03-2016			6,580	0.00

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount Rs. in lacs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2015)</b>				
i) Principal Amount	16,98,321.70	4,59,985.00	4,68,023.39	26,26,330.09
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	23,196.79	4,933.50	31,180.70	59,310.99
<b>Total (i+ii+iii)</b>	<b>17,21,518.49</b>	<b>4,64,918.50</b>	<b>4,99,204.09</b>	<b>26,85,641.08</b>
<b>Change in Indebtedness during the financial Year-Principal Amount</b>				
Addition	17,30,516.77	49,68,200.00	1,54,552.07	68,53,268.85
Reduction	13,97,590.12	49,92,850.00	1,44,149.11	65,34,589.23
Exchange Difference	220.87	0.00	0.00	220.87
Net Change	3,33,147.52	-24,650.00	10,402.96	3,18,900.49
<b>Change in Indebtedness during the financial year-Interest accrued but not due</b>				
Addition	48,379.44	5,930.43	35,249.54	89,559.41
Reduction	23,196.79	4,933.50	31,180.70	59,310.99
Net Change	25,182.64	996.94	4,068.84	30,248.42
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	20,31,469.23	4,35,335.00	4,78,426.35	29,45,230.58
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	48,379.44	5,930.43	35,249.54	89,559.41
<b>Total (i+ii+iii)</b>	<b>20,79,848.67</b>	<b>4,41,265.43</b>	<b>5,13,675.89</b>	<b>30,34,789.99</b>



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(Amount Rs. in lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. Ramesh Iyer Managing Director	Mr. V. Ravi Whole-time Director	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	246.69	158.45	405.14
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	9.91	2.56	12.47
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00
2.	Stock Option*	105.70	40.77	146.47
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of profit	-	-	-
	- others	73.83	0.00	73.83
5.	Others (Retirals)	8.69	5.32	14.01
	<b>Total (A)</b>	444.82	207.10	651.92
	Ceiling as per the Act			14,986.88
		(being 10% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013)		

\* The amount indicates perquisite value of Stock Options of the Company exercised during the year.

**B. Remuneration of Other Directors:**

**Independent Directors**

(Amount Rs. in lacs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M. G. Bhide	Mr. Dhananjay Mungale	Mr. Piyush Mankad	Mr. C. B. Bhav	Ms. Rama Bijapurkar	
1.	Fee for attending Board/Committee Meetings	7.90	6.10	7.20	5.80	5.70	32.70
2.	Commission	16.00	16.00	16.00	2.34	15.00	65.34
3.	Others	NIL	NIL	NIL	NIL	NIL	
	<b>Total (1)</b>	23.90	22.10	23.20	8.14	20.70	98.04

**Non-Executive Non-Independent Directors**

(Amount Rs. in lacs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Bharat Doshi#	Mr. Uday Y. Phadke@	Mr. V. S. Parthasarathy\$	Dr. Anish Shah\$	
1.	Fee for attending Board/Committee Meetings	5.60	NIL	NIL	NIL	5.60
2.	Commission	45.00	NIL	NIL	NIL	45.00
3.	Others	NIL	NIL	NIL	NIL	
	<b>Total (2)</b>	50.60	NIL	NIL	NIL	50.60
	<b>Total (B)=(1+2)</b>					148.64
	<b>Total Managerial Remuneration (A+B)</b>					800.56
	Overall Ceiling as per the Act					1498.69
		(being 1% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013)				

# Ceased to be Director w.e.f. 9<sup>th</sup> March, 2016.

@ Ceased to be Director w.e.f. 24<sup>th</sup> July, 2015.

\$ Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.

**C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole-time Director**

**Remuneration to Ms. Arnavaz M. Pardiwala, Company Secretary**

Sl. No.	Particulars of Remuneration	Amount (Rs. in lacs)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	38.68
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.85
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0
2.	Stock Option*	4.31
3.	Sweat Equity	0
4.	Commission	
	- as % of profit	0
	- others	0
5.	Others (Retirals)	2.22
	<b>Total (A)</b>	<b>46.06</b>

\* The amount indicates perquisite value of Stock Options of the Company exercised during the year.

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
			None		
B. DIRECTORS					
			None		
C. OTHER OFFICERS IN DEFAULT					
			None		

For and on behalf of the Board

**Dhananjay Mungale**  
Chairman

Place: Mumbai

Date : 23<sup>rd</sup> April, 2016

## ANNEXURE III - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### The Policy on Remuneration of Directors

#### Prelude

The Company is a non-banking financial company registered with the Reserve Bank of India, and is engaged in providing financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles, providing personal loans, finance to small and medium enterprises and mutual fund distribution services.

This Policy shall be effective from the financial year 2014-15.

#### Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra & Mahindra Financial Services Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Listing Agreement, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company, etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

#### Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time, subject to statutory provisions. The Non-Executive Chairman and

Independent Directors would be entitled to the remuneration under the Companies Act, 2013. Other Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company are not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Pursuant to the Employees Stock Option Scheme 2005 (ESOS 2005) the Company has granted Stock Options to Directors including Independent Directors. The Company has also granted Stock Options to the Managing Director and Non-Executive Non-Independent Director(s) pursuant to the Employees Stock Option Scheme 2010 (ESOS 2010). The vesting and exercise of these Options shall continue to be governed by ESOS 2005 and ESOS 2010 respectively and the terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

#### Managing Director/Executive Directors

The term of office and remuneration of Managing Director/ Executive Directors are subject to the approval of the Board of Directors, Shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/ Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors,

the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum, based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Option Schemes of the Company from time to time.

#### **Non-Executive Directors**

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval, the Commission is paid at a rate not exceeding 1% (one percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013. The distribution of Commission amongst the NEDs shall be placed before the Board.

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and the Committees constituted by the Board from time to time.

#### **Disclosures**

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report and the Company's Annual Report/Website as per statutory requirements laid down in this regard.

For and on behalf of the Board

**Dhananjay Mungale**  
Chairman

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2016

## ANNEXURE III - B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Remuneration Policy for Key Managerial Personnel and Employees

This Policy shall be effective from the financial year 2014-15.

#### Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

#### Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

#### Standards

The broad structure of compensation payable to employees is under:

- Fixed pay which has components like basic salary & other allowances/ flexi pay as per the grade where the employees can chose allowances from bouquet of options.

- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on KRA's agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as PF, Gratuity & superannuation (for certain grades)
- Benefits such as car scheme, medical & dental benefit, loans, insurance, etc; as per grades.

#### Increments

- Salary increase is given to eligible employees based on position, performance and market dynamics as decided from time to time.

In case the performance of the Company exceeds the budgeted performance, the Company declares an additional ex-gratia bonus or a reward to its employees, at its discretion.

For and on behalf of the Board

**Dhananjay Mungale**  
Chairman

Place: Mumbai  
Date : 23<sup>rd</sup> April, 2016

## Annexure IV to the Directors' Report for the Year ended 31<sup>st</sup> March, 2016

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014  
For the Financial Year ended 31st March, 2016

To,  
The Members  
**Mahindra & Mahindra Financial Services Limited**  
Gateway Building, Apollo Bunder,  
Mumbai-400 001.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra & Mahindra Financial Services Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2016 in a manner that provided us reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit. We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under and the Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder.
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
  - h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (vi) The following laws, regulations, directions, orders applicable specifically to the Company:
- a. The Reserve Bank of India Act, 1934.
  - b. Non-Banking Financial Companies (Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007.
  - c. Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
  - d. Non-Banking Financial Companies (Opening of Branch/Subsidiary/Joint Venture/Representative Office or Undertaking Investment Abroad by NBFCs) Directions, 2011.
  - e. Online Returns to be submitted by NBFCs - RBI Guidelines.
  - f. Raising money through Private Placement of NCDs by NBFC - RBI Guidelines.
  - g. Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreement for equity and debt securities entered into with BSE Limited and Listing Agreement for equity shares entered into with National Stock Exchange of India Limited.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of the applicable provisions of the Act/Regulations/Directions as mentioned above in respect of:

- a) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment, except the investment in Mahindra Finance USA LLC, a Joint Venture Company.
- b) Delisting of equity shares.
- c) Buy-back of securities.

**We further report that:**

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period covered under the Audit were carried out in compliance with the provisions of the Act.

Adequate notice and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exist a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views in the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- a) The Members have approved an increase in the Borrowing Powers of the Company from Rs. 45,000 crores to Rs. 50,000 Crores, which is over and above the aggregate paid-up share capital and free reserves pursuant to Section 180(1)(c) of the Companies Act, 2013, through a Postal Ballot resolution passed on 17<sup>th</sup> June, 2015. The Members have approved the issue of Non-Convertible Debentures and/or other Debt Securities in one or more tranches aggregating upto Rs. 21,000 crores on a Private Placement basis.
- b) The Company has raised a total sum of Rs. 6,253 crores pursuant to Private Placement of Non-Convertible Debentures and Subordinated debt issues.

For KSR & Co Company Secretaries LLP

**Dr. K. S. Ravichandran**  
Managing Partner  
(FCS: 3675; CP: 2160)

Place: Coimbatore  
Date: 23/04/2016

To,  
The Members  
**Mahindra & Mahindra Financial Services Limited**  
Gateway Building, Apollo Bunder,  
Mumbai-400 001.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For KSR & Co Company Secretaries LLP

**Dr. K.S.Ravichandran**  
Managing Partner  
(FCS: 3675; CP: 2160)

Place: Coimbatore  
Date: 23/04/2016



## REPORT ON CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY

Your Company believes that sound Corporate Governance is essential for enhancing long-term shareholder value and retaining investor trust.

Your Company manages its affairs with diligence, transparency, responsibility and accountability to generate long-term value for its stakeholders on a continuous and sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

Your Company's Governance processes and practices, ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation.

Your Company has an active, experienced and a well-informed Board. The Board along with its Committees undertakes its fiduciary duties towards all its stakeholders with the Corporate Governance mechanism in place.

The Company is in compliance with the requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["the Listing Regulations"] and the erstwhile Clause 49 of the Listing Agreement. A Report on compliance with the Code of Corporate Governance as stipulated in the Listing Regulations is given below:

### BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 and the Listing Regulations, as amended from time to time.

The Board currently comprises of nine Directors. The Chairman of the Company is an Independent Director and the number of Non-Executive and Independent Directors (including a lady Director) is more than one-half of the total number of Directors.

All the Directors possess the requisite qualifications and experience in general corporate management, banking, finance, marketing and other allied fields which enable them to enhance their contribution effectively to the Company in their capacity as Directors of the Company. Detailed profile of the Directors is available on the Company's website at the web-link: <http://www.mahindrafinance.com/management.aspx>.

Mr. Bharat Doshi resigned as the Non-Executive Chairman and Member of the Board of Directors with effect from 9<sup>th</sup> March, 2016. The Board at its Meeting held on 18<sup>th</sup> March, 2016 has appointed Mr. Dhananjay Mungale, Independent Director as the Chairman of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee (NRC) elevated Mr. Ramesh Iyer, Managing Director

as the 'Vice-Chairman & Managing Director' of the Company and also appointed Dr. Anish Shah as an Additional Director with effect from 18<sup>th</sup> March, 2016.

The Board of Directors at its adjourned Meeting held after the Annual General Meeting on 24<sup>th</sup> July, 2015, has pursuant to the recommendation of the NRC appointed Mr. V. Ravi, Chief Financial Officer of the Company as an Additional Director and elevated him to the position of a Whole-time Director designated as 'Executive Director & Chief Financial Officer', with effect from 25<sup>th</sup> July, 2015, subject to the approval of the Members.

Mr. Uday Y. Phadke, Non-Executive Non-Independent Director retired as Director of the Company with effect from the conclusion of the 25<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> July, 2015.

The term of office of Mr. Ramesh Iyer, Vice-Chairman & Managing Director of the Company expires on 29<sup>th</sup> April, 2016.

On the recommendation of the NRC, the Board at its Meeting held on 23<sup>rd</sup> April, 2016, has approved the re-appointment of Mr. Ramesh Iyer, as the Vice-Chairman & Managing Director of the Company from 30<sup>th</sup> April, 2016 to 29<sup>th</sup> April, 2021, subject to the approval of the Members to be obtained by way of Postal Ballot.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer are Whole-time Directors of your Company. Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors of your Company are in the whole-time employment of Mahindra & Mahindra Limited (M&M), the holding company, and draw remuneration from it. Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the Non-Executive Directors would be entitled to under the Companies Act, 2013, none of the Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates which in their judgment would affect their independence. The Directors of the Company are not inter-se related to each other.

The Management of the Company is entrusted with the Steering Committee comprising of Senior Executives from different functions headed by the Vice-Chairman & Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of Management to ensure that the long-term objectives of enhancing stakeholders' value are met.

The Senior Management have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

## NUMBER OF BOARD MEETINGS

The Board of Directors met five times during the year under review, on 23<sup>rd</sup> April, 2015, 24<sup>th</sup> July, 2015, 21<sup>st</sup> October, 2015, 21<sup>st</sup> January, 2016, and 18<sup>th</sup> March, 2016. The requisite quorum was present for all the meetings.

The maximum time gap between any two meetings was not more than one hundred and twenty days. These Meetings were well attended.

## DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIP HELD

Pursuant to the provisions of Section 165 of the Companies Act, 2013 none of the Directors of the Company is a Director in more

than 10 Public Limited Companies. Further, as mandated by Regulation 25 of the Listing Regulations, none of the Independent Directors of the Company serves as Independent Director in more than seven listed companies and three listed companies in case he/she serves as a Whole-time Director in any listed company. Further, as mandated by Regulation 26 of the Listing Regulations none of the Directors is a Member of more than 10 Board level Committees and no such Director is a Chairman/Chairperson of more than five Committees, across all public limited companies in which he/she is a Director. Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer are not Independent Directors of any other listed company. Table 1 gives the details.

## COMPOSITION OF THE BOARD

As on 31<sup>st</sup> March, 2016, the Company's Board comprised of nine members. The Chairman of the Board and four Directors are Independent Directors. The Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer are Executives of the Company while the remaining two Directors are Non-Executive Non-Independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM) held on 24<sup>th</sup> July, 2015, as also the number of Directorships and Committee positions held by them in companies are as follows:

**Table 1: Composition of Board of Directors as on 31<sup>st</sup> March, 2016**

Name of the Directors	Category	Attendance Particulars			Total Number of Directorships of public companies and Committee Memberships/Chairmanships/Chairpersonship#		
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships	Committee Chairmanships/Chairpersonship
		Held	Attended				
Mr. Dhananjay Mungale (Chairman)	Independent	5	4	Yes	10	6	2
Mr. Bharat Doshi@ (Former Chairman)	Non-Executive Non-Independent	5	4	Yes	N. A.	N. A.	N. A.
Mr. Uday Y. Phadke\$	Non-Executive Non-Independent	5	2	Yes	N. A.	N. A.	N. A.
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)	Executive	5	5	Yes	6	3	0
Mr. Manohar G. Bhide	Independent	5	5	Yes	4	2	1
Mr. Piyush Mankad	Independent	5	5	Yes	8	6	2
Mr. C. B. Bhawe	Independent	5	5	Yes	1	0	1
Ms. Rama Bijapurkar	Independent	5	5	Yes	4	1	1
Mr. V. S. Parthasarathy	Non-Executive Non-Independent	5	5	Yes	8	4	2
Mr. V. Ravi* (Executive Director & Chief Financial Officer)	Executive	5	3	N.A.	4	4	0
Dr. Anish Shah+	Non-Executive Non-Independent	5	1	N.A.	4	2	0

### Notes:

@ Resigned as Chairman and Member of the Board w.e.f. 9<sup>th</sup> March, 2016. Four Meetings were held during his tenure.

\$ Ceased to be Director of the Company from the conclusion of 25<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> July, 2015. Two Meetings were held during his tenure.

\* Appointed as Whole-time Director designated as "Executive Director & Chief Financial Officer" w.e.f. 25<sup>th</sup> July, 2015. Three Meetings were held during his tenure.

+ Appointed as an Additional Director at the Meeting of the Board of Directors held on 18<sup>th</sup> March, 2016, effective from the date of the Meeting. One Meeting was held during his tenure.

# Excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013, but includes Directorship in Mahindra & Mahindra Financial Services Limited (MMFSL). None of the Directors holds Directorships in more than 20 companies as stipulated in Section 165 of the Companies Act, 2013. Committees considered are Audit Committee and Stakeholders Relationship Committee including in MMFSL.

## MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Regulations, two Meetings of Independent Directors were held during the year. At the Meetings the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, and the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors, assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties. The Meetings were conducted informally to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

## INFORMATION SUPPLIED TO THE BOARD

The Company sends a detailed agenda folder to each Director at least seven days before the Board and Committee Meetings in accordance with the provisions of Secretarial Standard on Meetings of Board of Directors (SS-1) issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. A soft copy of the Board/Committee Meeting agenda is also hosted on the Board portal to provide web-based solution that functions as a document repository.

To enable the Board to discharge its responsibilities effectively, the Vice-Chairman & Managing Director apprises the Board at every Meeting on the overall performance of the Company, followed by presentations by the Executive Director & Chief Financial Officer. A detailed functional report is also placed at Board Meetings.

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets and oversees the actions and results of the management to ensure that the long-term objectives of enhancing stakeholders' value are met. The Board also, inter-alia, reviews and considers investment and exposure limits, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances if any, review of major legal issues, approval and adoption of quarterly/half-yearly/annual results, transactions pertaining to purchase/disposal of property, major accounting provisions and write-offs, corporate restructuring, minutes of Meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level including the Company Secretary and Compliance Officer.

In addition to the above, pursuant to Regulation 24 of the Listing Regulations, the minutes of the Board Meetings of your Company's subsidiary companies and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board.

The Chairman/Chairperson of various Board Committees brief the Board on all the important matters discussed and decided at their respective Committee Meetings.

## PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

The Performance Evaluation of Board, its Committees and Directors has been discussed in detail in the Directors' Report.

## INDUCTION AND FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company-its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25(7) of the Listing Regulations the Company has during the year conducted familiarisation programmes for its Independent Directors which included visit to Company's Branch office(s), off-site Board/Committee Meetings, detailed presentations on long-term vision and strategy of the Company, its business model and operations, digitalisation, Industry outlook, Internal Control over Financial Reporting, Prevention of Insider Trading Regulations, SEBI Listing Regulations, Accounting Standards, Framework for Related Party Transactions, providing Regulatory updates at Board and Audit Committee Meetings, circulating press releases, disclosures made to Stock Exchanges, news and articles related to the Company to provide updates from time to time. The details of the familiarisation programmes are available on the website of the Company at the web link: <http://www.mahindrafinance.com/pdf/familiarisation-programme-for-IDs.pdf>.

## REMUNERATION

### Policy on Remuneration for Directors and criteria for determining qualifications, positive attributes and independence of a director

The success of an organisation in achieving good performance and good governing practices depends on its ability to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors.

The Nomination and Remuneration Committee ('the NRC') reviews and assesses Board composition and recommends

the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision-making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

Your Company has a well-defined Remuneration Policy for its Directors. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors etc.

The NRC while determining the remuneration of the Directors shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall ensure a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

#### **REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

The Board and the Nomination and Remuneration Committee regularly keep track of the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time.

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary and other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half-yearly performance pay based on KRA's agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity and Superannuation (for certain grades).
- Benefits such as car scheme, medical and dental reimbursement, loans, insurance, etc., as per grades.

The Cost to Company is reviewed annually and increment is given to eligible employees based on their position,

performance and market dynamics as decided from time to time.

#### **REMUNERATION PAID TO DIRECTORS**

The Independent Directors and eligible Non-Executive Directors are paid remuneration in the form of sitting fees and commission within the limits prescribed under the Companies Act, 2013. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the overall approval of Members of the Company.

The NRC while deciding the basis for determining the remuneration to the Non-Executive Directors, both fixed and variable, shall take into consideration various relevant factors, including the overall compensation policies of the Company pertaining to commission, current trends and practices in relevant industries, the market trends in terms of compensation levels, responsibilities undertaken by the Directors such as Chairpersonship of Committees, their contribution in enhancing stakeholders' value resulting in overall growth of the Company etc.

The eligible Non-Executive Directors are paid commission up to a maximum of 1% of the net profits of the Company as specifically computed for this purpose. A commission of Rs. 130.55 Lacs has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31<sup>st</sup> March, 2016.

In addition, the Independent Directors and eligible Non-Executive Director(s) are paid a sitting fee of Rs. 50,000 each for every Meeting of the Board, Rs. 40,000 for every Audit Committee Meeting attended, Rs. 30,000 each for attending a Meeting of the Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Asset Liability Committee and the Risk Management Committee respectively, and Rs. 20,000 for attending a Meeting of the Strategy Committee for Acquisitions.

The Company has not granted any Stock Options to any of its Non-Executive Independent Directors.

Remuneration of Executive Directors includes salary, perquisites, allowances, benefits, amenities, retirals viz. superannuation including gratuity and provident fund (fixed component) and commission and stock options (variable component). The remuneration to the Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer is fixed by the NRC which is subsequently approved by the Board of Directors and Shareholders at a General Meeting/ by means of a Postal Ballot voting process.

The NRC while deciding the basis for determining the remuneration of the Executive Directors shall take into consideration the individual performance and the business performance. The business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRAs). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Detailed information of Directors' remuneration for the year 2015-16 is set forth in Table 2.

**Table 2: Details of Remuneration Paid to Directors for the Financial Year 2015-16..... (Rs. in Lacs)**

Name of the Director	Sitting Fees (excluding Service Tax)	Salary and Perquisites	Superannuation and Provident Fund #	Commission	Total	Employees Stock Option Scheme 2010+ (ESOS-2010)		
						Number of Stock Options granted in February, 2011 Grant 1 <sup>ss</sup>	Number of Stock Options granted in October, 2014 Grant 5 <sup>ss</sup>	Number of Stock Options granted in October, 2015 Grant 6 <sup>ss</sup>
Mr. Ramesh Iyer*	N.A.	353.69	17.30	73.83	444.82	2,00,140	1,62,173	10,812
Mr. Bharat N. Doshi <sup>^</sup>	5.60	N.A.	N.A.	45.00	50.60	NIL	NIL	NIL
Mr. Uday Y. Phadke <sup>@</sup>	N.A.	N.A.	N.A.	NIL	NIL	1,67,390	NIL	NIL
Mr. Dhananjay Mungale	6.10	N.A.	N.A.	16.00	22.10	NIL	NIL	NIL
Mr. M. G. Bhide	7.90	N.A.	N.A.	16.00	23.90	NIL	NIL	NIL
Mr. Piyush Mankad	7.20	N.A.	N.A.	16.00	23.20	NIL	NIL	NIL
Ms. Rama Bijapurkar	5.70	N.A.	N.A.	15.00	20.70	NIL	NIL	NIL
Mr. C. B. Bhavé	5.80	N.A.	N.A.	2.34	8.14	N.A.	N.A.	N.A.
Mr. V. S. Parthasarathy	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	NIL	NIL
Mr. V. Ravi**	N.A.	201.78	5.32	N.A.	207.10	77,815	61,319	NIL
Dr. Anish Shah	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.

# Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.

+ Options issued at an Exercise Price of Rs. 2/- being the Face Value of the underlying shares.

#### \$\$ ESOS – 2010

**Grant-1:** The Stock Options have been granted on 7<sup>th</sup> February, 2011. Of this, all the five tranches of 20% each totalling 100% of the total options have vested on 7<sup>th</sup> February, 2012, 7<sup>th</sup> February, 2013, 7<sup>th</sup> February, 2014, 7<sup>th</sup> February, 2015 and 7<sup>th</sup> February, 2016 respectively.

**Grant-5:** The Stock Options have been granted on 21<sup>st</sup> October, 2014. Of this, one tranche of 20% of the total options granted have vested on 21<sup>st</sup> October, 2015 on expiry of 12 months from the grant date and the balance number of options would vest in four equal tranches of 20% each on 21<sup>st</sup> October, 2016, 21<sup>st</sup> October, 2017, 21<sup>st</sup> October, 2018 and 21<sup>st</sup> October, 2019 on expiry of 24 months, 36 months, 48 months and 60 months respectively from the date of grant.

**Grant-6:** The Stock Options have been granted on 21<sup>st</sup> October, 2015. These options would vest in five equal tranches of 20% each on 21<sup>st</sup> October, 2016, 21<sup>st</sup> October, 2017, 21<sup>st</sup> October, 2018, 21<sup>st</sup> October, 2019 and 21<sup>st</sup> October, 2020 on expiry of 12 months, 24 months, 36 months, 48 months and 60 months respectively from the date of grant.

<sup>^</sup> Resigned as Chairman and Member of the Board w.e.f. 9<sup>th</sup> March, 2016.

<sup>@</sup> Ceased to be Director of the Company from conclusion of the 24<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> July, 2015.

\* The notice period for the Vice-Chairman & Managing Director is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 30<sup>th</sup> April, 2016. There is no separate provision for the payment of severance fees.

\*\* The notice period for the Executive Director & Chief Financial Officer is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 25<sup>th</sup> July, 2015. There is no separate provision for the payment of severance fees.

During 2015-16, the Company did not advance loans to any of its Directors.

The aforesaid details of remuneration may also be treated as the disclosure pursuant to Clause IV of Section II of Part II of Schedule V of the Companies Act, 2013 in respect of the re-appointment of Mr. Ramesh Iyer, Managing Director designated as "Vice-Chairman & Managing Director" and the appointment of Mr. V. Ravi as a Whole-time Director designated as "Executive Director & Chief Financial Officer" as placed before the Members for their approval to be obtained by means of a Postal Ballot voting process.

#### SHARES HELD BY NON-EXECUTIVE DIRECTORS

Table 3 gives details of the shares held by the Non-Executive Directors as on 31<sup>st</sup> March, 2016.

**Table 3: Details of the shares held by the Non-Executive Directors**

Name of the Director	Number of Shares held
Mr. Dhananjay Mungale	50,000
Mr. M. G. Bhide	50,000
Mr. Piyush Mankad	50,000
Ms. Rama Bijapurkar	50,000
Mr. C. B. Bhavé	NIL
Mr. V. S. Parthasarathy	250
Dr. Anish Shah	NIL

## CODES OF CONDUCT

The Board has laid down Code of Conduct for Board Members and for Senior Management and Employees of the Company ("Codes"). These Codes have been posted on the Company's website: [www.mahindrafinance.com/corporate-governance.aspx](http://www.mahindrafinance.com/corporate-governance.aspx).

All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Vice-Chairman & Managing Director to this effect is enclosed at the end of this Report.

The Code of Conduct of the Board Members has been amended to align it in accordance with the provisions of Section 166 of the Companies Act, 2013.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to Section 149(8) read with Schedule IV of the Companies Act, 2013, which is a guide to professional conduct for Independent Directors of the Company.

## CEO/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2016.

The said Certificate is attached herewith as Annexure A and forms part of this Report.

## RISK MANAGEMENT

Your Company has a well-defined risk management framework in place. The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report.

## COMMITTEES OF THE BOARD

Your Company has seven Board level Committees-Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee and Strategy Committee for Acquisitions. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

### a) Audit Committee

As on 31<sup>st</sup> March, 2016, the Audit Committee comprised of seven Non-Executive Directors of which five are Independent Directors. The Committee comprises Mr. C. B. Bhavé (Chairman), Mr. Dhananjay Mungale, Mr. M. G. Bhide, Mr. Piyush Mankad and Ms. Rama Bijapurkar, Independent Directors and Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors.

Consequent to cessation as a Director in the Company, Mr. Uday Y. Phadke has ceased to be a Member of the Committee.

The Board at its Meeting held on 18<sup>th</sup> March, 2016 has appointed Mr. C. B. Bhavé as the Chairman in place of Mr. Dhananjay Mungale and Dr. Anish Shah as a Member

of the Audit Committee. Mr. Dhananjay Mungale continues to be a Member of the Committee.

All the members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18(1) of the Listing Regulations.

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. It is authorised to, *inter-alia*, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the Management the quarterly and annual financial statements before submission to the Board for approval, examination of the financial statements and the Auditors' Report thereon, approval of transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals subject to fulfilment of certain conditions, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers, rights issue, preferential issue, etc.

The Committee is empowered to review, *inter-alia*, the remuneration payable to the Statutory Auditors and Internal Auditors and to recommend a change in the Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of the unlisted subsidiary companies, Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions.

Further, the Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review on a quarterly basis, the report on compliance under SEBI (Prohibition of Insider Trading) Regulations, 2015 given by the Compliance Officer. Generally all items listed in Regulation 18(3) read with Part C of Schedule II of the Listing Regulations are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Regulation 18 (2)(c) and reviews all the information as prescribed in Regulation 18(3) read with the Paragraph B of Part C of Schedule II of the Listing Regulations.

The Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Dhananjay Mungale former Chairman and Mr. C. B. Bhavé, the current Chairman of the Audit Committee were present at the 25<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> July, 2015.

The Audit Committee met six times during the year on 23<sup>rd</sup> April, 2015, 24<sup>th</sup> July, 2015, 11<sup>th</sup> August, 2015, 21<sup>st</sup> October, 2015, 21<sup>st</sup> January, 2016 and 2<sup>nd</sup> February, 2016. The gap between any two meetings did not exceed one hundred and twenty days. The details of attendance at the Audit Committee Meetings are given in Table 4.

**Table 4: Attendance record of Audit Committee Meetings**

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhavé (Chairman)	6	6
Mr. Dhananjay Mungale	6	5
Mr. M. G. Bhidé	6	6
Ms. Rama Bijapurkar	6	5
Mr. Uday Y. Phadke <sup>#</sup>	6	2
Mr. Piyush Mankad	6	6
Mr. V. S. Parthasarathy	6	5
Dr. Anish Shah <sup>+</sup>	N.A.	N.A.

<sup>#</sup> Ceased to be a Member with effect from the conclusion of the 25<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> July, 2015. Two Meetings were held during his tenure.

<sup>+</sup> Inducted as a Member with effect from 18<sup>th</sup> March, 2016. No Meeting was held during his tenure.

#### b) Nomination and Remuneration Committee

The constitution and the terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of section 178(1) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The role of the Nomination and Remuneration Committee is to establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board Membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company in line with the appropriate legislations, establish Director retirement policies and appropriate succession plans, devise policy on Board Diversity, determine overall compensation policies of the Company, and administer the “Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme - 2005”, the “Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme – 2010” and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Schemes.

The scope of the Committee further includes review of market practices and to decide on remuneration packages applicable to the Managing Director, Executive Director(s), Functional Heads, etc., set out performance parameters for

Managing Director, Executive Director(s), Functional Heads etc., and review the same. The Committee is authorised to identify persons who are qualified to be Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director’s performance.

In addition to the above, the Committee is also authorised to formulate the criteria for determining the qualifications, positive attributes and independence of a Director and recommend to the Board formulation of a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

Performance Evaluation Criteria for Independent Directors:

The Nomination and Remuneration Committee inter-alia, determines the performance evaluation criteria for Independent Directors on parameters such as participation and contribution by a director, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

All the Committee Members are Independent Directors including the Chairman. As of 31<sup>st</sup> March, 2016, the Committee comprised four members viz. Mr. Piyush Mankad (Chairman), Mr. Dhananjay Mungale, Mr. M. G. Bhidé and Mr. C. B. Bhavé, all Independent Directors.

Consequent to cessation as a Director in the Company, Mr. Uday Y. Phadke has ceased to be a Member of the Committee.

Mr. Bharat Doshi has ceased to be a Member of the Committee consequent upon his resignation as Chairman and Member of the Board with effect from 9<sup>th</sup> March, 2016.

The Board at its Meeting held on 18<sup>th</sup> March, 2016 has appointed Mr. C. B. Bhavé as a Member of the Committee, with effect from the date of the said Board Meeting.

Mr. Piyush Mankad, Chairman of the Nomination and Remuneration Committee was present at the 25<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> July, 2015.

The Committee met four times during the year under review on 23<sup>rd</sup> April, 2015, 24<sup>th</sup> July, 2015, 21<sup>st</sup> October, 2015 and 18<sup>th</sup> March, 2016. The attendance details at Meetings of the Committee are given in Table 5.

**Table 5: Attendance record of Nomination and Remuneration Committee Meetings**

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	4	4
Mr. Bharat N. Doshi <sup>@</sup>	4	3
Mr. Dhananjay Mungale	4	3
Mr. Uday Y. Phadke <sup>s</sup>	4	2
Mr. M. G. Bhidé	4	4
Mr. C. B. Bhavé <sup>+</sup>	N.A.	N.A.

<sup>@</sup> Ceased to be a Member consequent upon his resignation as Chairman and Member of the Board with effect from 9<sup>th</sup> March, 2016. Three Meetings were held during his tenure.

\$ Ceased to be a Member with effect from the conclusion of the 25<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> July, 2015. Two Meetings were held during his tenure.

+ Inducted as a Member with effect from 18<sup>th</sup> March, 2016. No Meetings were held during his tenure.

### c) Stakeholders Relationship Committee

As on 31<sup>st</sup> March, 2016, the Stakeholders Relationship Committee comprised of four members, viz. Ms. Rama Bijapurkar (Chairperson) and Mr. M. G. Bhide, Independent Directors and Mr. Ramesh Iyer and Mr. V. Ravi, Executive Directors of the Company. Ms. Arnava M. Pardiwala, Company Secretary is the Compliance Officer of the Company.

The Board of Directors at its Meeting held on 23<sup>rd</sup> April, 2015 has appointed Ms. Rama Bijapurkar as the Chairperson and Member of the Committee with effect from the date of the said Meeting.

Consequent to cessation as a Director in the Company, Mr. Uday Y. Phadke has ceased to be a Member of the Committee.

During the year under review, Mr. V. Ravi has been appointed as a Member of the Committee.

The Committee meets, as and when required, to *inter-alia*, deal with matters relating to transfers/transmissions of shares and monitor redressal of grievances of security holders relating to transfers, non-receipt of balance sheet, non-receipt of dividends declared, etc.

The Committee is also authorised to approve requests for issue of duplicate share certificates.

Mr. M. G. Bhide, former Chairman of the Committee and Ms. Rama Bijapurkar, current Chairperson were present at the 25<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> July, 2015.

The Committee met twice during the year on 23<sup>rd</sup> April, 2015 and 21<sup>st</sup> October, 2015. Both the Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 6.

**Table 6: Attendance record of Stakeholders Relationship Committee Meetings**

Name of Members	No. of Meetings held	No. of Meetings attended
Ms. Rama Bijapurkar (Chairperson) <sup>\$</sup>	2	1
Mr. M. G. Bhide	2	2
Mr. Uday Y. Phadke <sup>#</sup>	2	1
Mr. Ramesh Iyer	2	2
Mr. V. Ravi <sup>@</sup>	2	1

\$ Appointed as a Member and Chairperson with effect from 23<sup>rd</sup> April, 2015. One Meeting was held during her tenure.

# Ceased to be Member with effect from the conclusion of the 25<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> July, 2015. One Meeting was held during his tenure.

@ Inducted as Member with effect from 25<sup>th</sup> July, 2015. One Meeting was held during his tenure.

Details of queries and grievances received and attended to by the Company during the year 2015 -16 are given in Table 7.

**Table 7: Complaints/Letters received and attended to during the Financial Year 2015-16**

Nature of Complaints/Letters	Pending as on 1 <sup>st</sup> April, 2015	Received during the year	Answered during the year	Pending as on 31 <sup>st</sup> March, 2016
1. Status of Share Application	0	2	2	0
2. Non Receipt of Electronic Credit	0	0	0	0
3. Non Receipt of Dividend	0	4	4	0
4. Duplicate/Revalidation/Correction of Dividend Warrant	0	154	154	0
5. SEBI/Stock Exchange Complaints	0	2	2	0
<b>Total</b>	<b>0</b>	<b>162</b>	<b>162</b>	<b>0</b>

### d) Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Companies Act, 2013, and monitor the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the link: <http://www.mahindrafinance.com/csr.aspx>.

Mr. Piyush Mankad, Non-Executive Independent Director was appointed as the Chairman of the Committee with effect from 18<sup>th</sup> March, 2016. Mr. Ramesh Iyer, Vice-Chairman & Managing Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Dr. Anish Shah Non-Executive Non-Independent Director, are the other Members of the Committee.

Consequent to cessation as a Director in the Company, Mr. Uday Y. Phadke has ceased to be a Member of the Committee.

During the year under review, Mr. V. Ravi and Dr. Anish Shah have been appointed as Members of the Committee.

Consequent to his resignation as Chairman and Member of the Board with effect from 9<sup>th</sup> March, 2016, Mr. Bharat Doshi has ceased to be the Chairman and Member of the Committee.

The Committee held four meetings during the year under review. The Committee met on 23<sup>rd</sup> April, 2015, 11<sup>th</sup> August, 2015, 21<sup>st</sup> October, 2015 and 2<sup>nd</sup> February, 2016.



The attendance details at Meetings of the Committee are given in Table 8.

**Table 8: Attendance record of Corporate Social Responsibility Committee Meetings**

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	4	4
Mr. Bharat Doshi <sup>@</sup>	4	4
Mr. Uday Y. Phadke <sup>#</sup>	4	1
Mr. Ramesh Iyer	4	4
Mr. V. Ravi <sup>^</sup>	4	3
Dr. Anish Shah <sup>+</sup>	N.A.	N.A.

<sup>@</sup> Ceased to be the Chairman and Member of the Committee consequent upon his resignation as Chairman and Member of the Board with effect from 9<sup>th</sup> March, 2016.

<sup>#</sup> Ceased to be Member with effect from the conclusion of 25<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> July, 2015. One Meeting was held during his tenure.

<sup>^</sup> Inducted as Member with effect from 25<sup>th</sup> July, 2015. Three Meetings were held during his tenure.

<sup>+</sup> Inducted as Member with effect from 18<sup>th</sup> March, 2016. No Meeting was held during his tenure.

#### e) Asset Liability Committee

The Asset Liability Committee (ALCO) was constituted by the Board in 2001. It reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Company submits periodic reports to the RBI on the management of the Company's risks and assets and liabilities.

During the year under review Mr. Dhananjay Mungale has ceased to be the Chairman and Mr. M. G. Bhide has been appointed as the Chairman and Member of the Committee.

Consequent to cessation as a Director in the Company, Mr. Uday Y. Phadke has ceased to be a Member of the Committee.

During the year under review, Mr. V. Ravi has been appointed as a Member of the Committee.

As of 31<sup>st</sup> March, 2016, the Committee comprised of five members viz. Mr. M. G. Bhide (Chairman) and Mr. Dhananjay Mungale, Independent Directors, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer.

The Committee met twice during the year on 23<sup>rd</sup> April, 2015 and 21<sup>st</sup> October, 2015. The attendance details at Meetings of the Committee are given in Table 9.

**Table 9: Attendance record of Asset Liability Committee Meetings**

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. M. G. Bhide (Chairman) <sup>§</sup>	2	1
Mr. Dhananjay Mungale	2	1
Mr. Uday Y. Phadke <sup>#</sup>	2	1
Mr. Ramesh Iyer	2	2
Mr. V. S. Parthasarathy	2	1
Mr. V. Ravi <sup>@</sup>	2	1

<sup>§</sup> Appointed as Chairman and Member of the Asset Liability Committee with effect from 23<sup>rd</sup> April, 2015. One Meeting was held during his tenure.

<sup>#</sup> Ceased to be Member with effect from the conclusion of the 25<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> July, 2015. One Meeting was held during his tenure.

<sup>@</sup> Inducted as a Member with effect from 25<sup>th</sup> July, 2015. One Meeting was held during his tenure.

#### f) Risk Management Committee

Regulation 21 of the Listing Regulations mandates constitution of the Risk Management Committee. Your Company has in place a Risk Management Committee even before the erstwhile Clause 49 of the then prevailing Listing Agreement came into effect. The Risk Management Committee was constituted by the Board at its Meeting held on 28<sup>th</sup> January, 2008 to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by the Company. Mr. V. Ravi, Executive Director & Chief Financial Officer apprises the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures and the current controls being exercised to mitigate these risks.

As of 31<sup>st</sup> March, 2016, the Risk Management Committee comprised Mr. C. B. Bhav (Chairman), Mr. Dhananjay Mungale, Mr. M. G. Bhide and Ms. Rama Bijapurkar, Independent Directors and Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company.

The Board of Directors at its Meeting held on 23<sup>rd</sup> April, 2015 has appointed Mr. C. B. Bhav as the Chairman of the Committee in place of Mr. Dhananjay Mungale. Mr. Mungale continues to be a Member of the Committee.

The Committee met on 23<sup>rd</sup> April, 2015, 24<sup>th</sup> July, 2015, 21<sup>st</sup> October, 2015 and 21<sup>st</sup> January, 2016. The attendance details at Meetings of the Committee are given in Table 10.

**Table 10: Attendance record of Risk Management Committee Meetings**

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhawe (Chairman) <sup>@</sup>	4	4
Mr. Dhananjay Mungale	4	3
Ms. Rama Bijapurkar	4	4
Mr. M. G. Bhide	4	4
Mr. V. S. Parthasarathy	4	4

<sup>@</sup> Appointed as Chairman with effect from 23<sup>rd</sup> April, 2015.

**g) Strategy Committee for Acquisitions**

The Strategy Committee for Acquisitions was constituted by the Board at its Meeting held on 20<sup>th</sup> March, 2015 to take up for evaluation and scrutinise significant investments/funding including but not limited to business acquisitions, reviewing and monitoring existing investments in Subsidiaries and the Joint Venture Company, overseeing and reviewing performance of the subsidiaries and make necessary recommendations to the Board from time to time including disinvestments.

As of 31<sup>st</sup> March, 2016, the Strategy Committee for Acquisitions comprised of Mr. M. G. Bhide, Mr. Dhananjay Mungale and Mr. V. S. Parthasarathy.

The Committee met on 2<sup>nd</sup> December, 2015. All the Members were present at the Committee Meeting.

**Subsidiary Companies**

Regulation 16(1)(c) of the Listing Regulations defines a “material subsidiary” to mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any “material subsidiary” during the year under review. The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and sufficient resources. The Minutes of the Board Meetings of the Company’s subsidiaries are placed at the Board Meeting for review by the Board Members. The financial statements of the subsidiary companies are presented to the Audit Committee. The Company has also complied with the other provisions of Regulation 24 with regard to subsidiary companies.

**Policy for determining Material Subsidiaries**

The Company has formulated a policy for determining ‘material’ subsidiaries as defined in Regulation 16(1) (c) of the Listing Regulations. This policy has also been hosted on the website of the Company at the web-link: <http://www.mahindrafinance.com/policies.aspx>.

**Disclosure of Transactions with Related Parties**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the

ordinary course of business and on an arm’s length basis. The details of the transaction with related parties are placed before the Audit Committee from time to time. During the Financial Year 2015-16, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or the Management, Subsidiaries or Relatives, etc., that may have potential conflict with the interests of the Company at large.

Further, details of related party transactions are presented in Note Number 40 to Standalone Financial Statements in the Annual Report.

**Policy on Materiality of and Dealing with Related Party Transactions**

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Regulation 23 of the Listing Regulations. The Policy on Related Party Transactions is displayed on the website of the Company at the web-link: <http://www.mahindrafinance.com/policies.aspx>.

**Disclosure of Accounting Treatment in Preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

**Details of non-compliance by the Company.**

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company’s Equity Shares.

**Code for Prevention of Insider Trading Practices**

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its designated employees, in compliance with the Securities and Exchange Board of India [Prohibition of Insider Trading] Regulations, 2015, which came into force from 15<sup>th</sup> May, 2015.

The Company has devised and adopted the ‘Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information’ and ‘Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited’ (“the Codes”).

The Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited has been formulated to regulate, monitor and ensure reporting of Trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the new Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit Designated Persons from trading in the

Company's Securities when in possession of Unpublished Price Sensitive Information. The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with Securities of the Company and cautions them of the consequences of violations.

The Codes were made effective from 15<sup>th</sup> May, 2015.

All Board Members and designated persons have affirmed compliance with the Code.

### WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Whistle Blower Policy per se provides for protected

### SHAREHOLDERS

#### Appointment/Re-appointment of Directors

The details of Director(s) seeking re-appointment at the forthcoming Annual General Meeting is set forth in Table 11.

**Table 11**

<b>Name of the Director</b>	<b>Mr. V. S. Parthasarathy</b>
Date of Birth	1 <sup>st</sup> November, 1962
Date of Appointment on the Board	24 <sup>th</sup> July, 2014
Expertise in specific functional area	Finance, HR, M&A, IT and International Operations
Qualifications	Bachelor's Degree in Commerce and a fellow member of the Institute of Chartered Accountants of India, Advanced Management Program from Harvard University
Directorships in Companies	Mahindra Aerospace Private Limited
	Mahindra Reva Electric Vehicles Limited
	Mahindra Defence Systems Limited
	Mahindra USA Inc.
	Mahindra Yueda (Yancheng) Tractor Company Limited
	Mahindra Tractor Assembly Inc.
	CIE Automotive, S.A.
	Mahindra North America Technical Centre, Inc.
	Mahindra & Mahindra Financial Services Limited
	Mahindra Holidays & Resorts India Limited
	New Democratic Electoral Trust
	Mahindra Two Wheelers Limited
	Tech Mahindra Limited
	Mahindra Emarket Limited
	Peugeot Motocycles SAS
Membership of Committees in Public Limited Companies	
Audit Committee	Mahindra Aerospace Private Limited

disclosure and protection to the Whistle Blower. Under the Vigil Mechanism a person is provided access to Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell, to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity. The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel has been denied access to the Audit Committee. All Employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company can make protected disclosures by sending an email at the designated email id: mmfsl\_whistleblower@mahindra.com.

The vigil mechanism has been hosted on the Company's website at the weblink:

[http://www.mahindrafinance.com/pdf/MMFSL\\_VigilMechanism.pdf](http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf).

<b>Name of the Director</b>	<b>Mr. V. S. Parthasarathy</b>
	Mahindra Reva Electric Vehicles Limited
	Mahindra Holidays & Resorts India Limited
	Mahindra Two Wheelers Limited
	Mahindra & Mahindra Financial Services Limited
Nomination and Remuneration Committee	Mahindra Defence Systems Limited
	Mahindra Reva Electric Vehicles Limited
	Mahindra Two Wheelers Limited
Stakeholders Relationship Committee	Mahindra Holidays & Resorts India Limited
Risk Management Committee	Mahindra Holidays & Resorts India Limited
	Mahindra & Mahindra Financial Services Limited
Corporate Social Responsibility Committee	Mahindra Holidays & Resorts India Limited
ALCO Committee	Mahindra & Mahindra Financial Services Limited
Committee of Directors – Investments	Mahindra Holidays & Resorts India Limited
Investment Committee	Tech Mahindra Limited
Strategy Committee for Acquisitions	Mahindra & Mahindra Financial Services Limited
Audit and Finance Committee	Peugeot Motocycles SAS
Shareholding of Director in the Company	250 Equity Shares of the Face Value of Rs. 2/- each

Mr. Parthasarathy holds a Bachelor's Degree in Commerce and is a fellow member of the Institute of Chartered Accountants of India. He is Harvard Alumni of Advanced Management Program-batch 2011. He has also been part of Mahindra Group's Senior Management team for Group strategy development, facilitated by Harvard Business School.

Mr. V. S. Parthasarathy is Group Chief Financial Officer (CFO) and Group Chief Information Officer (CIO) of Mahindra & Mahindra Limited (M&M), the holding Company. In his role as Group CFO & Group CIO of M&M, he facilitates Mahindra Group in accomplishing its vision of 'being amongst the Top 50 most admired brands in the world'. He is a member of the think-tank of Mahindra Group's supervisory board called "Group Executive Board". He is also a member of the Global IT Customer Advisory Board of CISCO & APJ Customer Advisory Board of HP. He is on the Board of listed entities of the Mahindra Group viz. Tech Mahindra Limited, Mahindra & Mahindra Financial Services Limited, and Mahindra Holidays & Resorts India Limited as well as several unlisted companies of the Group. He joined M&M in 2000. At M&M, he spearheaded functions like Finance, HR, M&A, IT and International Operations before he was appointed CFO of M&M. He has received many accolades and recognitions in the field of Finance, M&A & IT being a Group CFO and Group CIO and as Head of Group Finance and Mergers & Acquisition.

#### Means of Communication

- The Company regularly interacts with its shareholders and investors through multiple channels of communication such as announcement of financial results, postal ballot

results, annual report, media releases, dissemination of information on the website of the Company and Stock Exchanges and subject specific communications.

- The Company publishes its quarterly, half-yearly and annual results in Business Standard and Sakal which are national and local dailies, respectively. These are not sent individually to the Shareholders.
- The Company results and official news releases are displayed on the Company's website at [http:// www.mahindrafinance.com](http://www.mahindrafinance.com).
- The Company also makes presentations to international and national institutional investors and analysts, which are also hosted on its website.
- The Company also files various compliances as required to be filed in the BSE Corporate Compliance and Listing Centre and NSE Electronic Application Processing System (NEAPS). Various compliances as required/prescribed under the Listing Regulations and the Listing Agreement executed with the Stock Exchanges are also filed through these systems.
- The Company has designated investorhelpline\_mmfs@mahindra.com as an e-mail id for the purpose of registering complaints by investors and displayed the same on the Company's website. The Company has also designated mfinfd@mahindra.com as an exclusive email ID for Fixed Deposit Investors for the purpose of registering queries/complaints in respect of Fixed Deposits of the Company and the same has also been displayed on the Company's website.

- The Company has provided a dedicated e-mail address under its Vigil Mechanism, viz. mmfsl\_whistleblower@mahindra.com for reporting concerns by all Employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.

## GENERAL BODY MEETINGS

**Table 12: Details of last three Annual General Meetings and Special Resolutions passed**

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2012-2013	25 <sup>th</sup> July, 2013	3.30 p.m.	None	Swatantryaveer Savarkar Rashtriya Smarak, 252, S.V.S. Marg, Shivaji Park, Dadar (W), Mumbai – 400 028.
2013-2014	24 <sup>th</sup> July, 2014	3.30 p.m.	Revision in the remuneration of Mr. Ramesh Iyer, Managing Director of the Company.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.
2014-2015	24 <sup>th</sup> July, 2015	3.30 p.m.	Alteration of the Articles of Association of the Company by adoption of a new set of Articles of Association.  Approve payment of remuneration by way of commission up to one per cent of the net profits of the Company to the Non-Executive Directors, with effect from 1 <sup>st</sup> April, 2015.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.

No Extraordinary General Meeting of the Shareholders was held during the year.

## POSTAL BALLOT

### Details of Resolutions passed through Postal Ballot during the Financial Year 2015-16.

During the year, two resolutions were passed through Postal Ballot. Mr. S. N. Ananthasubramanian, Practising Company Secretary was appointed as the Scrutinizer for overseeing the Postal Ballot voting process. The details are as follows:

**Date of the Postal Ballot Notice :** 6<sup>th</sup> May, 2015

**Voting period :** 14<sup>th</sup> May, 2015 to 12<sup>th</sup> June, 2015

#### 1. Special Resolution for increase in borrowing limits from Rs.45,000 crores to Rs.50,000 crores under Section 180 (1)(c) of the Companies Act, 2013 (“the Act”) and creation of charge on the assets of the Company under Section 180(1) (a) of the Act.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes – against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,58,21,204	29,12,07,660	98.44	29,12,07,660	0	100.00	0
Public Institutional Holders	24,46,24,581	16,06,58,365	65.68	15,80,74,963	25,83,402	98.39	1.61
Public–Others**	2,83,19,175	27,79,705	9.82	27,77,935	1,205	99.94	0.04
<b>Total</b>	<b>56,87,64,960</b>	<b>45,46,45,730</b>	<b>79.94</b>	<b>45,20,60,558</b>	<b>25,84,607</b>	<b>99.43</b>	<b>0.57</b>

\*\* Valid votes abstained from voting = 565

#### 2. Special Resolution for issue of Non-Convertible Debentures and/or other Debt Securities in one or more tranches, aggregating upto Rs. 21,000 crores on a Private Placement basis.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes – against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,58,21,204	29,12,07,660	98.44	29,12,07,660	0	100.00	0
Public Institutional Holders	24,46,24,581	16,06,58,365	65.68	15,80,74,963	25,83,402	98.39	1.61
Public–Others**	2,83,19,175	27,79,705	9.82	27,78,110	1,030	99.94	0.04
<b>Total</b>	<b>56,87,64,960</b>	<b>45,46,45,730</b>	<b>79.94</b>	<b>45,20,60,733</b>	<b>25,84,432</b>	<b>99.43</b>	<b>0.57</b>

\*\* Valid votes abstained from voting = 565

**Date of Declaration of Results:** The results of both the aforesaid Special Resolutions were declared on 17<sup>th</sup> June, 2015

#### **Procedure for Postal Ballot**

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with the Rules prescribed, the Company provides remote electronic voting (e-voting) facility to all its members to enable them to cast their votes electronically. The Company engages the services of Karvy Computershare Private Limited, its Registrar and Share Transfer Agents, for the purpose of providing e-voting facility to all its Members.

The Members have the option to vote either by physical ballot or e-voting. The Company dispatches the Postal Ballot Notices and Forms along with postage pre-paid business reply envelopes to its members whose names appear on the Register of Members/list of Beneficiaries as on the cut-off date. The Postal Ballot Notice is sent to Members in electronic form to the e-mail addresses registered with their depository participants (in case of electronic shareholding)/ the Company’s Registrar and Share Transfer Agents (in case of physical shareholding). The Company also publishes notice in the newspapers in English and Marathi languages declaring the details of completion of dispatch, and other requirements as mandated under the Act and applicable Rules and Secretarial Standard on General Meetings (SS-2). The Company also voluntarily publishes a notice in respect of declaration of results of the Postal Ballot in the newspapers for the information of its Members. The same are also posted on the website of the Company.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The scrutinizer submits his report to the Chairman or any other authorised Director of the Company, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are accordingly declared by the Company within the stipulated time frame. The Results and the Report of the Scrutinizer are hosted on the Company’s website [www.mahindrafinance.com](http://www.mahindrafinance.com) besides being communicated to the Stock Exchanges and Registrar and Share Transfer Agents. The Results are also published in at least one English and one vernacular newspaper circulating in Maharashtra. The last date of receipt of the duly completed Postal Ballot Forms or e-voting is deemed to be the date of passing of the resolutions, if approved by the requisite majority.

#### **Resolutions proposed to be passed by way of Postal Ballot**

The Company proposes to seek the approval of the Shareholders in respect of the following Resolutions by way of Postal Ballot including e-voting:

- i) Special Resolution for increase in the Borrowing limits of the Company from Rs. 50,000 crores to Rs. 55,000 crores

under Section 180(1)(c) of the Companies Act, 2013 (“the Act”), and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.

- ii) Special Resolution for Issue of Non-Convertible Debentures including Subordinated Debentures, in one or more tranches, aggregating upto Rs. 24,500 crores on a Private Placement basis in accordance with the provisions of Sections 42, 71 and all other applicable provisions of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014.
- iii) Special Resolution for re-appointment of Mr. Ramesh Iyer, Managing Director designated as “Vice-Chairman & Managing Director” of the Company.
- iv) Ordinary Resolution for appointment of Mr. V. Ravi as a Director.
- v) Special Resolution for appointment of Mr. V. Ravi as a Whole-time Director designated as “Executive Director & Chief Financial Officer” of the Company.
- vi) Ordinary Resolution for appointment of Dr. Anish Shah as a Director.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires the passing of a Special Resolution by way of Postal Ballot.

#### **MANAGEMENT**

##### **Management Discussion and Analysis**

The Annual Report has a detailed chapter on Management Discussion and Analysis.

#### **COMPLIANCE**

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations.

##### **Compliance with Mandatory Requirements**

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

##### **Compliance with Non-Mandatory Requirements**

The Company has also adopted the following non-mandatory requirements to the extent mentioned below:

##### **Audit Qualification**

During the year under review, there is no audit qualification in your Company’s standalone financial statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of unqualified financial statements.

##### **Separate Posts of Chairman and Managing Director and CEO**

The Chairman of the Board is an Independent Director and his position is separate from that of the Vice-Chairman & Managing Director.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE VOLUNTARY GUIDELINES, 2009

In December, 2009 the Government of India, Ministry of Corporate Affairs [“MCA”] had issued Corporate Governance Voluntary Guidelines, 2009 [“the Guidelines”]. In the Guidelines MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic values of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance.

Your Company has been a strong believer in good Corporate Governance and has been adopting the best practices that have evolved over the last two decades.

Your Company is in substantial compliance with the Guidelines and it will always be the Company’s endeavour to attain the best practices in Corporate Governance.

### General Shareholders Information

#### 26<sup>th</sup> Annual General Meeting

Date : 22<sup>nd</sup> July, 2016  
Time : 3.30 p.m.  
Venue : Textiles Committee Auditorium,  
Government of India, Ministry of Textiles,  
P. Balu Road, Prabhadevi Chowk,  
Prabhadevi, Mumbai – 400 025.

### Financial Year of the Company

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

### Financial Reporting for

- Quarter ending 30<sup>th</sup> June, 2016 - End July, 2016
- Half-year ending 30<sup>th</sup> September, 2016 - End October, 2016
- Quarter ending 31<sup>st</sup> December, 2016 - End January, 2017
- Year ending 31<sup>st</sup> March, 2017 - End April, 2017

**Note:** The above dates are indicative.

### Book Closure

Book Closure for dividend will be from 16<sup>th</sup> July, 2016 to 22<sup>nd</sup> July, 2016, inclusive of both days.

### Dividend Payment

A dividend of Rs. 4.00 per Equity Share of Rs. 2 each, will be credited/dispatched on or after 25<sup>th</sup> July, 2016 subject to approval by Shareholders at the ensuing Annual General Meeting.

### Registered Office

Gateway Building, Apollo Bunder, Mumbai - 400 001.

### Corporate Identity Number

L65921MH1991PLC059642

## Listing Details

### A. Equity Shares

The Company’s Shares are listed on :

Name:	The BSE Limited (BSE)	The National Stock Exchange of India Limited (NSE)
Address:	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

The requisite listing fees have been paid in full to both these Stock Exchanges.

Table 1	Stock Exchange Codes
BSE	532720
NSE	M&MFIN
Demat ISIN in NSDL and CDSL for Equity Shares	INE774D01024

### B. Non-Convertible Debentures

The Non-Convertible Debentures (NCDs) of the Company are listed on the Debt Segment of BSE, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid the requisite listing fees in full.

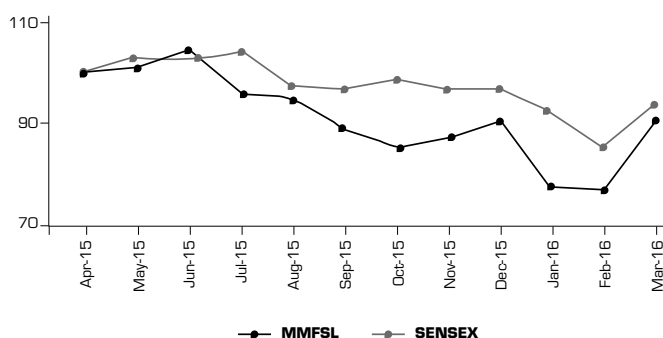
### Debenture Trustee for the Company’s NCDs :

Axis Trustee Services Limited Axis House, 2<sup>nd</sup> Floor, Bombay Dyeing Mills Compound, Worli, Mumbai – 400 025.

### Table 2: Monthly High and Low of Company’s shares for the Financial Year 2015 - 16 at BSE and NSE

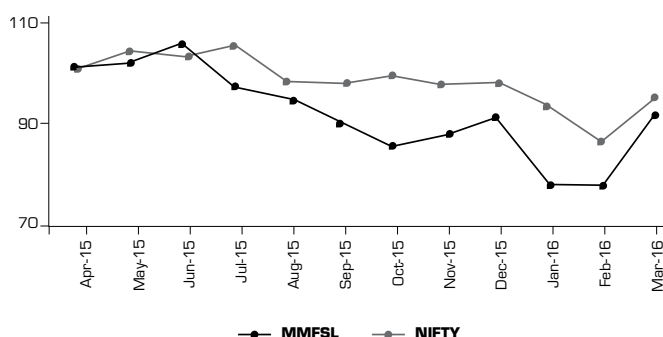
Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
April, 2015	292.00	253.40	292.00	253.30
May, 2015	277.75	258.50	277.90	258.05
June, 2015	285.25	235.25	285.70	235.25
July, 2015	294.00	256.00	294.30	255.65
August, 2015	280.00	246.45	276.00	246.40
September, 2015	258.80	225.35	259.00	225.00
October, 2015	248.00	223.85	248.20	223.05
November, 2015	247.00	221.40	247.00	221.10
December, 2015	251.05	231.30	251.00	231.20
January, 2016	248.10	192.95	248.40	192.50
February, 2016	219.15	173.40	219.50	173.10
March, 2016	254.00	204.80	255.00	204.45

Chart A  
MMFSL's share performance versus BSE Sensex



Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the Financial Year 2015-16 i.e. 1<sup>st</sup> April, 2015.

Chart B  
MMFSL's share performance versus Nifty



Note: Share prices and Nifty indexed to 100 as on the first working day of the Financial Year 2015-16 i.e. 1<sup>st</sup> April, 2015.

### Distribution of Shareholding

Table 3 and Table 4 list the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31<sup>st</sup> March, 2016.

Table 3: Shareholding pattern by size as on 31<sup>st</sup> March, 2016

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1-500	49,759	60,54,734	1.06
501-1,000	1,919	14,97,428	0.26
1,001-5,000	1,641	36,74,282	0.65
5,001-10,000	243	17,61,456	0.31
10,001-20,000	139	20,74,086	0.37
20,001 and above	477	55,37,02,974	97.35
<b>Total</b>	<b>54,178</b>	<b>56,87,64,960</b>	<b>100.00</b>

Table 4: Shareholding pattern by ownership as on 31<sup>st</sup> March, 2016

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	29,53,71,242	51.93
Mutual Funds	4,41,36,968	7.76
Fills	19,14,64,366	33.66

Category of Shareholders	Number of Shares held	% of Shareholding
Bodies Corporate	44,17,050	0.78
Indian Public/HUF	2,05,41,676	3.61
NRIs	11,30,036	0.20
Trusts	8,60,191	0.15
Indian Financial Institution/Banks	63,30,301	1.11
Venture Capital Fund	18,55,000	0.33
Insurance Companies	20,28,550	0.36
Clearing Members	6,29,580	0.11
<b>Total</b>	<b>56,87,64,960</b>	<b>100.00</b>

### Dematerialisation of Shares

As on 31<sup>st</sup> March, 2016, 99.83 percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

### Compliance with Regulation 34 (3) and Part F of Schedule V of the Listing Regulations

In accordance with the provisions of Regulation 34 (3) and Part F of Schedule V of the Listing Regulations the Company reports the following details in respect of the unclaimed Equity Shares which have been credited to a demat suspense account opened by your Company with M/s. Karvy Stock Broking Limited:

- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year – 26 shareholders representing 4,800 Equity Shares of Rs. 2 each.
- Number of shareholders who approached the Company for transfer of shares from suspense account during the year – 0.
- Number of shareholders to whom shares were transferred from suspense account during the year - 0.
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 26 shareholders representing 4,800 Equity Shares of Rs. 2 each.
- The voting rights on the unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

Outstanding GDRs/ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on equity.

As on 31<sup>st</sup> March, 2016, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

### Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

As per the Company's Risk Management Policy, your Company enters into foreign currency swap/derivative transactions to



cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap.

Your Company follows the Accounting Policy and Disclosure Norms for swap/derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. The details of foreign exchange exposures as on 31<sup>st</sup> March, 2016 are disclosed in Note Number 35 to the Standalone Financial Statements in the Annual Report.

#### **Plant Locations**

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

#### **Registrar and Transfer Agents**

##### **Karvy Computershare Private Limited**

Unit: Mahindra & Mahindra Financial Services Limited  
Karvy Selenium, Tower B,  
Plot 31-32, Gachibowli, Financial District, Nanakramguda,  
Hyderabad – 500 032.  
Tel.: +91 40 67162222  
Fax: +91 40 23001153  
Email: support@karvy.com;  
einward.ris@karvy.com

The Registrar and Transfer Agents also have an office at:

##### **Karvy Computershare Private Limited**

24-B, Raja Bahadur Mansion,  
Ground Floor, 6 Ambalal Doshi Marg,  
Behind BSE, Fort,  
Mumbai - 400 023.  
Tel.: + 91 22 66235454

#### **Share Transfer System**

Trading in Equity Shares of the Company is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of 15 days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfer any two of Mr. Ramesh Iyer, Vice-Chairman & Managing Director, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Ms. Arnavaz M. Pardiwala, Company Secretary & Company Officer are authorised to approve transfers of upto 15,000 Equity Shares per transfer provided the transferee does not hold more than 5,00,000 Equity Shares in your Company. The Stakeholders Relationship Committee meets as and when required to consider other requests for transfer/transmission of shares, issue of duplicate share certificates and attend to grievances of the security holders of the Company, etc.

#### **Secretarial Audit/Reconciliation of Share Capital Audit**

KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2015-16. The Audit Report confirms that your Company has complied with the applicable provisions of the Companies Act, 2013 and the

Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable RBI Regulations, Listing Agreements with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.

Pursuant to the erstwhile Clause 47 (c) of the then prevailing Listing Agreement and Regulation 40(9) of the new Listing Regulations certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

A qualified Practicing Company Secretary carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed Equity Share capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

Address for Correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

##### **Karvy Computershare Private Limited**

Unit: Mahindra & Mahindra Financial Services Limited  
Karvy Selenium, Tower B,  
Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500 032.  
Tel.: +91 40 67162222  
Fax: +91 40 23001153  
Email: support@karvy.com;  
einward.ris@karvy.com

on all matters relating to transfers, transmissions, dematerialisation of shares, payment of dividend and any other query relating to shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.

For all investor related matters, the Executive Director & Chief Financial Officer or the Company Secretary & Compliance Officer can be contacted at:

Mahindra Towers, 4<sup>th</sup> Floor, P. K. Kurne Chowk,  
Worli, Mumbai - 400 018.

Tel.: +91 22 66526000

Fax: +91 22 24984170.

Email: investorhelpline\_mmfs@mahindra.com

Website: <http://www.mahindrafinance.com>

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

**DECLARATION BY THE MANAGING DIRECTOR UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To  
The Members of  
**Mahindra & Mahindra Financial Services Limited**

I, Ramesh Iyer, Vice-Chairman & Managing Director of Mahindra & Mahindra Financial Services Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2016.

For Mahindra & Mahindra Financial Services Limited

**Ramesh Iyer**  
Vice-Chairman & Managing Director

Place: Mumbai  
Date : 23<sup>rd</sup> April, 2016

## ANNEXURE A

### CEO/CFO CERTIFICATION

23<sup>rd</sup> April, 2016

To,  
The Board of Directors  
**Mahindra & Mahindra Financial Services Limited**

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2016 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that:
- (i) there have been no significant changes in internal control over financial reporting during this year;
  - (ii) there have been no significant changes in accounting policies during this year; and
  - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Ramesh Iyer**  
Vice-Chairman & Managing Director

**V. Ravi**  
Executive Director & Chief Financial Officer

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Mahindra & Mahindra Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by **Mahindra & Mahindra Financial Services Limited** ('the Company'), for the year ended 31st March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1<sup>st</sup> April 2015 to 30<sup>th</sup> November 2015 and as per regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1<sup>st</sup> December 2015 to 31<sup>st</sup> March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement/Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Registration No. 105102W

**Naresh Kumar Kataria**  
Partner  
Membership No: 037825

Mumbai, 23<sup>rd</sup> April, 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL ECONOMY

During 2015-16, global economic growth continued at a slow pace leaving the world economy more exposed to risks. Some of the factors for the lacklustre growth include a sharper-than-expected slowdown in China; return of financial turmoil in emerging markets; waning political solidarity in Europe and a persistent slump in oil prices. Global economic activity was muted with diminished growth in emerging markets for a fifth straight year even as an uncertain recovery continued in developed countries. The Eurozone's economic recovery continued although overall growth remained subdued. Solid domestic data continued to drive the recovery while the external sector dragged on the economy's performance. The Japanese economy is struggling for growth against structural headwinds including a declining and aging population, weakening productivity, low return on capital, and high debt levels.

### GLOBAL GROWTH

(%)

Particulars	Projections			
	2014	2015	2016	2017
World Output	3.4	3.1	3.2	3.5
Advanced Economies	1.8	1.9	1.9	2.0
United States	2.4	2.4	2.4	2.5
Euro Area	0.9	1.6	1.5	1.6
Japan	0.0	0.5	0.5	-0.1
United Kingdom	2.9	2.2	1.9	2.2
Other Advanced Economies *	2.8	2.0	2.1	2.4
Emerging and Developing Economies	4.6	4.0	4.1	4.6
China	7.3	6.9	6.5	6.2

\* Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom and United States) and euro area countries.

Source: International Monetary Fund (IMF)

### INDIAN ECONOMY

In 2015-16, the Indian economy emerged as one of the few large economies with an encouraging outlook. The factors contributing to this positive outlook were controlled inflation, rise in domestic demand, increase in investments, decline in oil prices and the boost to reforms, among others. According to the IMF, India is set to become the world's fastest-growing major economy by 2016, ahead of China.

The economic fundamentals are showing healthy trends, which corroborates the expected growth in the economy. Inflation has been largely tamed. The investment cycle in India is showing positive growth and expenditure on consumption is increasing, although in a fluctuating trend. This growth is likely to be sustainable considering government's focus on industrial activities, infrastructure development and ease of doing business.

Budget 2016 is a good indicator of the government's intentions and plans. With the global economy fraught with uncertainties, it is commendable that the Indian Government is sticking to

its fiscal deficit target while pursuing the growth agenda. Government targets to narrow the central fiscal deficit to 3.5% in 2016-17, after having comfortably met its 3.9% target for 2015-16. While public investment and urban consumption were the major drivers for growth last fiscal year, a reinforcement of private investment and rural consumption is critical if growth is to remain strong in 2016-17 and 2017-18.

### INDIAN FINANCIAL SERVICES INDUSTRY

According to India Brand Equity Foundation, gross national savings in India are expected to reach \$ 1,272 billion by the end of 2019. This in turn will trigger further savings and investments in Indian households, leading to their greater engagement.

Technology in financial services industry is getting dramatically transformed with several drivers responsible for the change. The willingness of consumers to use the technology for availing financial services is also a major facilitator of technological change.

In August 2015, the RBI granted licenses to 11 new payment banks. This marked a new revolution in the country's financial services sector. The move was to boost financial inclusion and up the ante of mobile revolution in the industry. The payment banking model will transform the way conventional banks approach customers. The risk to traditional banks right now is that the payment banks will track the entire transaction and customer engagement in parallel. Small and Medium Enterprises (SMEs) will have advantage going forward. SMEs play a major role in the development of economy and providing employment in developing countries. They contribute 33% of the Gross Domestic Product (GDP) in developing economies. As the barriers are being cleared, SME sector could experience substantial growth and offer expanded markets for financial services firms.

### NBFC Sector

NBFCs are emerging as an alternative to mainstream banking. They are also emerging as an integral part of Indian Financial System and are contributing commendably towards Government's agenda of financial inclusion. NBFCs in India have recorded marked growth in recent years. Between 2005 and 2015, their share of credit in India went up from 10% to 13%.

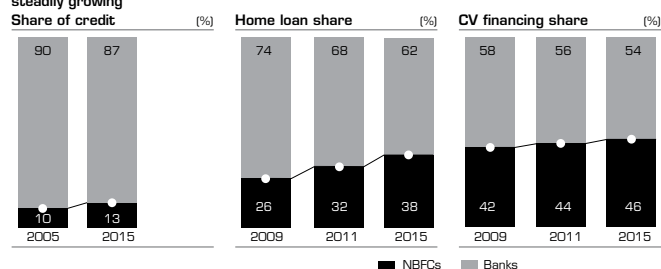
(Source: The Boston Consulting Group – NBFC 2.0).

The success of NBFCs has been driven by factors like their ability to control risks, to adapt to changes and create demand in markets that are likely to remain unexplored by bigger players. Thus the need for uniform practices and level playing field for NBFCs in India is crucial. NBFCs, in India, are today operating in a very dynamic scenario especially after the revised regulatory framework by the RBI launched with the objective of harmonizing working of NBFCs with banks and financial institutions and address regulatory gaps and arbitrage.

**NBFC Performance**

NBFC share of overall credit steadily growing

Especially in segments like home loans and CV financing



Source: IBA, RBI Financial Statistics of NBFC Sector Database, ICRA Mortgage Finance Market Update 2015, CRISIL Housing Finance Report 2015, BCG Analysis

According to ICRA, retail credit of NBFCs as on 31st December 2015 stood at Rs. 4.7 trillion, showing a year-on-year growth of 18.8% as against 14.5% in 2015 and 9.5% in 2014. NBFCs are set to gather momentum in the CV segment and, given the anticipated pick-up in the overall business environment, will grow by 18-20% in 2016 and further by 19-22% in 2017, as against 14.5% in 2015. However, the segments that could see subdued growth include tractors as lenders remain watchful in view of the weak rainfalls over the past three crop cycles. Further, credit off-take in the construction equipment (CE) segment is also expected to be slow in 2017 and will only pick up a bit when the steps initiated by the Government to boost infrastructure activity start giving results.

**Key Trends**

NBFCs are likely to benefit from underlying trends and developments in the Indian market:

Key Initiatives	Highlights
E-commerce	<ul style="list-style-type: none"> <li>- India is the fastest growing e-commerce market in the world (43% CAGR).</li> <li>- Size of the market likely to be 6X in the next five years (\$130-140 bn. by 2020).</li> <li>- 43% of the SMEs participated in online sales in 2015.</li> </ul>
Smart cities and urbanisation	<ul style="list-style-type: none"> <li>- 100 smart cities to be built over a spectrum of five years with more than \$7-8 billion investment.</li> <li>- Under 'Housing for All' initiative, 20 million houses to be constructed in urban areas in next seven years.</li> <li>- Under urban development scheme 'AMRUT', 500 cities to be developed.</li> </ul>
Infrastructure Development	<ul style="list-style-type: none"> <li>- \$600 billion investment target over five years for infrastructure development.</li> <li>- \$130 billion planned investment in railways in the next five years.</li> </ul>
SME	<ul style="list-style-type: none"> <li>- Low current penetration levels (25%) of financing in the SME industry.</li> <li>- Financing gap of more than \$40 billion.</li> <li>- 40% of SMEs in India financed through informal sources or self-finance.</li> </ul>

Key Initiatives	Highlights
Ease of doing business	<ul style="list-style-type: none"> <li>- De-regulation, de-licensing and simplification of procedures eg:-</li> <li>Online application for environmental clearances.</li> <li>Simplification of allotment of PAN cards.</li> </ul>
Digital India	<ul style="list-style-type: none"> <li>- Digital India to enable investment of \$68 billion and create 1.8 million jobs.</li> <li>- More than 1 million SMEs expected to plug into digital platforms in the next five years.</li> </ul>

Source: Boston Consulting Group (BCG)

**Government Initiatives**

Several measures have been outlined in the Union Budget 2015-16 that aim at reviving and accelerating investment:-

- The Prime Minister of India has launched the Micro Unit Development and Refinance Agency (MUDRA) to fund and promote Micro Finance Institutions (MFIs), which would provide loans to small and vulnerable sections of the business community.
- Government of India's 'Jan Dhan' initiative for financial inclusion is gaining momentum, as the number of bank accounts opened by July 15, 2015 has more than doubled to 169 million from 68.7 million at end of October 2014. Government of India aims to extend insurance, pension and credit facilities to those excluded from these benefits under the Pradhan Mantri Jan Dhan Yojana (PMJDY).
- NBFCs shall be eligible for deduction to the extent of 5% of their income in respect of provision for bad and doubtful debts (NPAs).
- FDI will be allowed beyond the 18 specified NBFC activities in the automatic route in other activities which are regulated by financial sector regulators.
- The Pradhan Mantri Mudra Yojana (PMMY) was launched for the benefit of bottom of the pyramid entrepreneurs. Banks and NBFC-MFIs have reported that the amount sanctioned under PMMY had reached about Rs. 1 crore to over 2.5 crores borrowers by early February 2016, while the target next year is raised to Rs. 1,80,000 crores.
- Investment limit for foreign entities in Indian stock exchanges will be enhanced from 5 to 15% on par with domestic institutions.
- It is proposed to provide additional options to banking companies and financial institutions, including NBFCs, for reversal of input tax credits with respect to non-taxable services provided by them by way of extending deposits, loans and advances with effect from 1 April 2016.
- The first home buyer is given deduction for additional interest of Rs. 50,000 per annum for loans up to Rs. 35 lacs sanctioned during the next financial year provided the value of the house does not exceed Rs. 50 lacs.

## NBFC SECTOR GROWTH DRIVERS

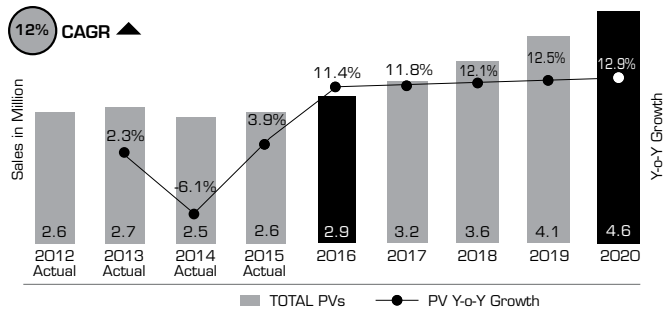
### Automotive

Indian automobile industry is gearing up for good times after a long period of uneven and jaded performance. Indian automotive industry is expected to witness high growth in Passenger Vehicle (PV) over the period 2016-20 as the economic environment improves amid a strong reform push by the new government. This growth is predicted in view of positive GDP growth and launch of several new country specific models along with high technology adoption by automotive industry.

According to the Society of Indian Automotive Manufacturers (SIAM), Indian automotive sector today is a \$74 billion industry and by 2026, it is expected to achieve a turnover of \$300 billion clocking a CAGR of 15%. Government of India aims to make automobile manufacturing the main driver of 'Make in India' initiative as it expects passenger vehicles market to triple to 9.4 million units by 2026 as highlighted in the Auto Mission Plan (AMP) 2016-26.

#### PV Market on a growth trend

PV market is expected to grow at a CAGR of ~12% over next 5 years

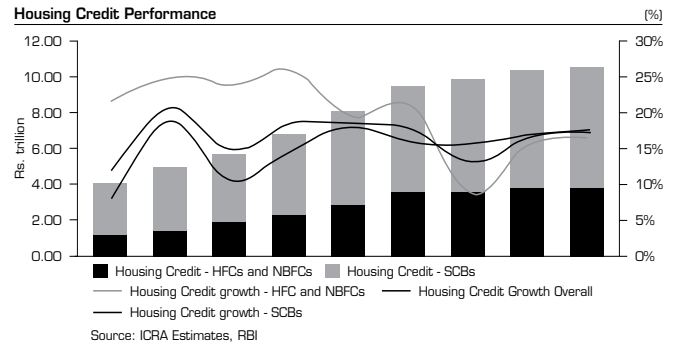


Source: SIAM, LMC Automotive, BMI Automotive, EY analysis

### Housing Finance

India is expected to emerge as the third largest economy in the world by 2030 with an estimated 590 million people inhabiting the cities. The launch of "Housing-For-All by 2022" scheme in 2015 signalled a new era in the housing finance sector. It provided much-needed impetus to the real estate and housing finance industry by creating an enabling and supportive environment for expanding credit flow and increasing home ownership. The agenda of 'housing for all' is a key component of the government's strategy for making Indian cities inclusive and productive.

According to ICRA, the total housing credit outstanding as on 31<sup>st</sup> December 2015 crossed Rs. 11.9 trillion showing a growth of 18% in the 9 Month period of 2016 as compared to Rs. 10.5 trillion as of 31<sup>st</sup> March 2015. The growth was seen from second quarter onwards and was driven by disbursements against construction linked loans, growth in the small ticket affordable housing segment and demand from Tier II and Tier III cities.



The growth during the year 2015-16 was fairly broad based with a keen focus on affordable housing. Housing Finance companies were at the forefront in catering to the financial needs of the under-banked masses in the rural and semi-urban areas through strong linkages with these segments. Housing finance companies also gained market share during the period which can be attributed to large population base, rising income levels and rapid urbanisation.

Many new initiatives and policies focused on lending for housing were introduced in the last 12 months. The highlight was to bring housing loans of up to Rs. 50 lacs under affordable housing and bringing loans up to Rs. 28 lacs in urban and Rs. 25 lacs in other centres under Priority Sector Lending. The decision of the RBI to increase LTV ratio to 90% for loans up to Rs. 30 lacs or less was another positive step which will enable companies to lend more to customers desirous of owning a home.

### Tractor

The volumes of domestic tractor industry continued to be under pressure in 2015-16, resulting in decline of 12.1% on a year-on-year basis in April-February 2016. Some of the reasons for this low performance include weak farm sentiments, a result of stressed farm incomes on account of successive crop failures, a second consecutive year of weak south-west monsoon and a modest increase in Minimum Support Price (MSPs) of various crops. Additionally, non-agricultural demand has remained weak and a slow pick up in infrastructure and construction activities constrained demand for transport purposes.

The domestic tractor market has chiefly remained a medium HP market, with more than 80% of the total tractor sales being that of models in 31-50 HP range. The 41-50 HP segment continues to remain the most favoured segment, with about 45% of the domestic sales of tractors in the 10 month period of 2015-16 being covered by this segment alone. The inclination to medium HP tractors can be assigned to both suitability of medium HP tractors to a large addressable geographic region and their affordability vis-a-vis higher HP tractors.

Source: ICRA

### Infrastructure and Real Estate

The Indian Infrastructure and Construction Sectors have grown out of their nascent stage. For the past few decades, both government as well as private developers are targeting projects which were easy to execute and provide maximum economic benefit. Greater impetus to develop infrastructure in the country is attracting both domestic and international players. Private sector is emerging as a key player across various infrastructure segments, ranging from roads and communications to power and airports. The construction equipment industry is expected to nearly double to around \$ 5 billion by 2019-20, according to the Indian construction equipment manufacturers association (ICEMA).

2015-16 witnessed a number of government initiatives to further push the real estate and infrastructure sector in right direction:-

- Relaxation of foreign direct investment (FDI) norms.
- Clarifications about Real Estate Investment Trusts (REITs).
- Approval of the Real Estate (Regulation and Development) Bill by the Cabinet.
- Launch of Smart City campaign announcing first 20 cities to be developed under Smart Cities Mission.
- Capital expenditure outlays on the Railways and roads to touch Rs. 2,18,000 crores by 2016-17.
- Total outlay for infrastructure is Rs. 2,21,246 crores.
- Central Government to draw a plan to revive 160 un-served or underserved airports to enhance local connectivity.
- An initiative to transition infrastructure projects into a new credit rating system which will enable correct risk analysis of such projects, resulting in efficient loan funding.

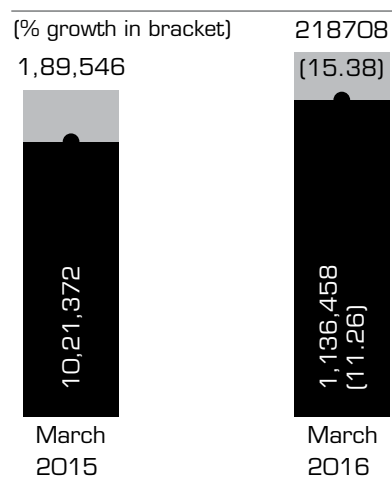
### Mutual Fund Industry

The mutual fund industry continued to post gains in 2015-16, with its Assets Under Management (AUM) touching Rs. 13,58,559 crores in the quarter ended March 2016. According to Association of Mutual Funds of India (AMFI) the average AUM of Mutual Fund industry rose by Rs. 1,63,940 crores or 13.7%, primarily driven by record net inflows into equity mutual funds and strong inflows into balanced, income and liquid schemes. The retail investors continued to invest in mutual funds despite weak markets over the last year.

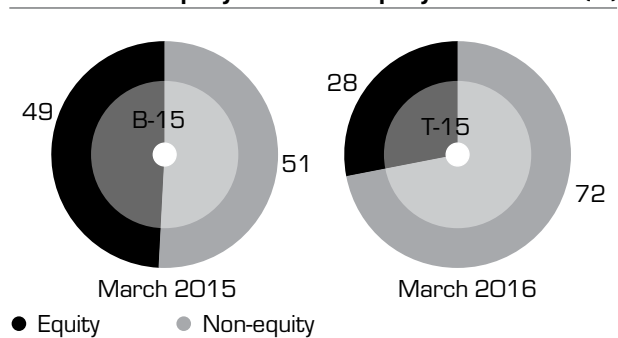
Assets (or MF business) from India's smaller cities and towns, called B-15 cities (beyond top 15 cities, or T-15), grew 15.4% in 2016 to Rs. 2.19 lacs crores from Rs. 1.9 lacs crores last year. Assets from T-15 stood at 11.3%; total asset growth was 12%.

### MUTUAL FUND INDUSTRY PERFORMANCE

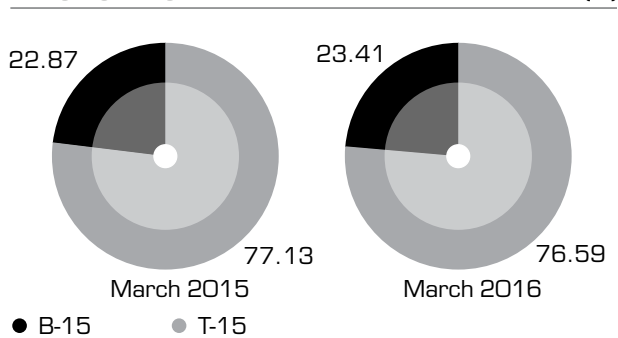
#### Growth of MF assets in B-15 and T-15 cities in 2015-16



#### Balance of equity and non-equity assets

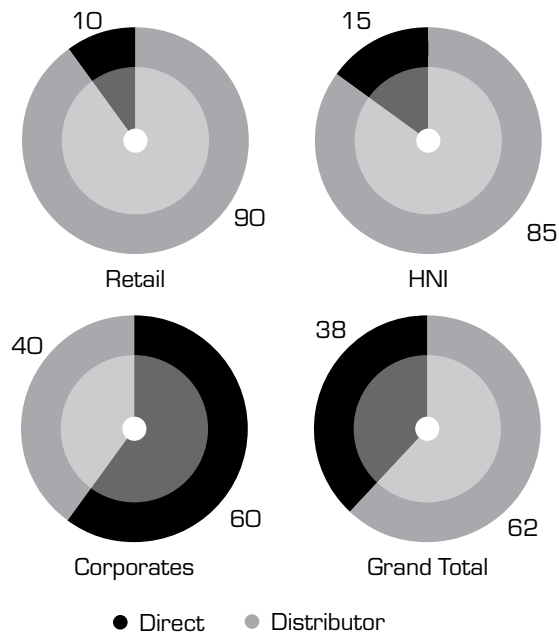


#### Proportion of individual assets from B-15 vs T-15





### Investments through distributors vs direct investment\* [%]



\*As on March 31, 2016

Source: Association of Mutual Funds in India (AMFI)

### OUTLOOK

The outlook for the sector over the next year looks comparatively better on account of positive trend of growth in economy which is expected to boost credit demand. This, along with renewal of certain infrastructure projects which have been cleared by the cabinet committee in recent months and rise in industrial growth and corporate capital expenditure also is expected to benefit most of the commercial assets financed by the NBFCs. It is also expected to ease the pressure on the cash flows of their borrowers through improved utilisation of their assets. Going deeper across the country's unbanked regions, we at MMFSL, are optimistic that we would continue to address a wider customer base through our extensive operational network. We shall continue to expand our loan book and monitor our margins to ensure sustainable stakeholder returns.

### Company Overview

Mahindra & Mahindra Financial Services Limited (MMFSL) is a subsidiary of the Indian conglomerate, Mahindra & Mahindra (M&M). It is a leading Non-Banking Financial Company (NBFC), catering to the financing needs of the large population residing in rural and semi-urban areas of India. We provide a range of retail products and services, such as financing utility vehicles for commercial use and personal use, tractors, SME loans, and many other commercial products.

Recognising the demand in niche segments, we have introduced Mutual Fund Distribution, Fixed Deposit Schemes and Personal Loans.

Through a vast network of 1,167 offices and human resource strength of over 15,000 employees, Mahindra Finance has

established more than 4.1 million customer relationships across India. Mahindra Finance has financed assets of about 26,706 crores, generated income of 5,90,510.05 lacs and PAT (Profit after Tax) of 67,259.60 lacs.

### Credit Ratings

India Ratings has assigned 'IND AAA'/Stable, CARE Ratings has assigned CARE AAA, Brickwork has assigned BWR AAA/Stable and CRISIL has assigned "CRISIL AA+/Stable" rating to the Company's long term and subordinated debt.

### Key Competitive Advantages

**Diversified Product Portfolio:** Mahindra Finance has a large diversified product portfolio including vehicle financing, SME financing, Personal loans, mutual fund distribution, insurance broking and housing finance, serving varied needs of both rural and urban customers across the country.

**Quality service:** Mahindra Finance provides financial services through simple processes and procedures in sanction and disbursement of credit as well as timely, friendly and flexible terms of repayment aligned to the unique features of its clientele. Easy and fast appraisal and disbursements make the Company the preferred choice for many of its customers.

**Round the corner:** An established reach and network helps the Company to cater to the remotest of geographies in India. More than 90% of the unorganised sector has no link with banks and 60% of the rural consumers do not have bank accounts. The Company has significant business presence in semi-urban and rural areas.

**Customer Insight:** Focus on customer is one of the key factors that have driven the Company policies all these years. A strong business model and an insight in the needs of its customers give the Company a competitive edge. Better risk management has also contributed in Mahindra Finance achieving commendable growth.

**Strong Balance Sheet:** On the asset side, loans and advances make up nearly 92.6% of the total assets of the Company. This primarily includes auto loans. Most of these loans are retail loans, and therefore are spread over a large customer and geographic base.

**Consistent innovation:** Our technology deployment has resulted in superior sales productivity, better market coverage, improved channelisation and customer experience.

**Transparent approach:** We have always valued transparency while engaging with employees, investors, business associates and a wide fraternity of stakeholders.

### Operational Review

The key operational highlights during the year are as below:

- Opened more branches at the village level to remain close to customers, to understand their cash flows and approach the customer for recovery when he has the money. These branches will seize new opportunities when the economic cycle and farm cycle improve.
- Increased number of offices to 1,167 as on 31<sup>st</sup> March 2016, up by 5.32% from 1,108 offices as on 31<sup>st</sup> March 2015.
- Increased employee base to 15,821 as on 31<sup>st</sup> March 2016 as against 14,197 as on 31<sup>st</sup> March 2015.
- Total Income increased to Rs. 5,905.10 Crores in 2015-16 from Rs. 5,585 Crores in 2014-15, an increase of 5.73%.

- Assets Under Management (AUM) raised to Rs. 40,933 Crores from Rs. 36,878 Crores in 2014-15, an increase of 11%
- The customer base reached 4.1 million people, from 3.63 million in 2014-15, an increase of 12.95%

The Company has always been following norms that are more prudent than those prescribed by the RBI. The Company has put in place processes to meet the RBI's new regulations.

### Financial Review

The following table presents MMFSL's standalone abridged financials for the financial year 2015-16, including revenues, expenses and profits.

### Abridged Profit and loss Statement Rs. in Crores

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Revenue from operations	5,853.16	5,536.06
Other income	51.94	48.64
Total revenue	5,905.10	5,584.70
Expenses:		
Employee benefits expense	558.81	459.08
Finance costs	2,639.29	2,496.73
Depreciation and amortization expense	40.89	41.52
Loan provisions and write offs	1,049.53	827.49
Other expenses	578.40	506.24
Total expenses	4,866.92	4,331.06
Profit before tax	1,038.18	1,253.64
Tax expense	365.58	421.86
Profit for the year	672.60	831.78

### Key Ratios

Key Indicators	2015-16	2014-15
PBT/Total Income	17.6%	22.4%
PBT/Total Assets	2.7%	3.7%
RONW (Avg. Net Worth)	11.5%	15.5%
Debt/ Equity	4.86:1	4.64:1
Capital Adequacy	17.3%	18.3%
Tier I Capital	14.6%	15.5%
Tier II Capital	2.7%	2.8%
Book Value (Rs.) (excluding ESOPs)	107.4	100.2
NIM (Gross Spread)	9.0%	9.5%

### Risk Management

MMFSL has formulated a robust Enterprise-wide Risk Management program (ERM) which involves risk identification, risk assessment and risk mitigation planning for business, strategic, operational, financial and compliance related risks. The ERM framework has been deployed across various processes in the organisation and is governed by the corporate risk office. A robust internal check process is deployed to prevent and limit risk of non-compliance.

The key Business Risks and the mitigation measures adopted by the Company are as follows:

Risk	Counter-measures
The Company is exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral.	The Company manages credit risk through credit norms established through adequate experience in this line of business. Deep insight about the nature of borrowers and a strong business model reduces the risk of default significantly.
General industrial or economic slowdown affects the consumer sentiment and cash flows and may result in the slowdown of demand for vehicles consequently affecting Company's business.	The Company's diversified business portfolio coupled with customer reach enables it to sustain growth even in difficult financial conditions.
Disruption in funding could lead to liquidity crunch.	The Company gets funds from diverse sources, including Banks/FIs etc., securitization of receivables, and other credit facilities like retail Fixed Deposits.
Sharp fluctuations in interest rate may lead to a decline in the Company's net interest margin and ability to offer competitive lending rates to its customers.	The Company has prudently evolved a strategic fund mix to reduce dependence on banks that enables it to strike a balance between various sources of funding while reducing the cost of borrowing. The Company enjoys an excellent credit rating on its financial instruments which enables it to raise funds at competitive rates.
The shortage of skilled manpower in the local areas of operation pose a considerable risk given the Company's customer centric business model.	The Company strives to attract and retain the best talent from local markets; adopts a robust performance management system, employee engagement and training practices, learning and development initiatives to create an inspiring and rewarding work environment.
Competition from new entrants or unorganised sector or diversification by existing financial institutions.	The Company's extensive rural presence gives it a distinct edge. We have built trust and capabilities over three decades across India. Such an in-depth reach is not easy to build and gives us distinct edge.
Difficulty in expanding operations across new markets.	The Company, through its deep consumer insight collaborates with local business partners and adopts strategies to successfully market its products ensuring that it reaches the targeted customers.
Stringent Regulations reducing the regulatory arbitrage between Banks and NBFCs and resulting in increasing compliance costs.	The Company has put in place robust systems and processes to ensure compliance with all the applicable regulations. This has enabled the Company to earn the trust and goodwill of its stakeholders.

## HUMAN RESOURCE

MMFSL believes in taking care of its employees and ensuring that their career aspirations are met through professional growth, personal development and fair economic rewards. Thereby, giving rise to the Employee Value Proposition (EVP):

- Growth is a Way of life
- Employees are empowered
- People Matter

The Mahindra Finance Human Resource Management focuses on the following processes:

- **Talent Positioning:** It is based on the Business Plan followed by effective identification and placing of the right talent in the right position.
- **Talent Development:** The development initiatives and competency development plans leads to an increased capability and improved productivity.
- **Talent Management:** Career growth map for all roles in the organisation are defined and High Potentials are identified based on published criteria.
- **Succession Planning:** It is implemented and measured through identification and development of successors for all critical roles.
- **Employee Engagement Process:** It continuously strives to make the organisation a great place to work through creating a happy & engaged workforce. The organisation has implemented a wide range of programs, to effectively engage the employees.
- **Quality Management:** Quality is a way of life at Mahindra Finance. In line with the core Value – “Quality Focus” and the continuous quest for excellence, the organisation benchmarks itself with the best practices both at industry level and at the group level. Mahindra Finance has been certified by CMMI Institute LA at People Capability Maturity Model (PCMM) Maturity Level 3.

In addition to the above, MMFSL upholds the dignity of all its employees and enables them to flourish in an inclusive environment. The organisation believes that diversity and inclusion represents business and economic potential, therefore, it ventures out exploring opportunities to make the work environment more sensitive and inclusive towards its diverse employee composition. The organisation is currently

striving to create diversity through the spectrum of Gender, Generation, Differently Abled Diversity and Race/Religion.

## Information Technology

In the past year, MMFSL moved up the maturity curve of systems leverage. Exclusive systems training content was created and over 10,000 employees were trained in requisite systems; systems usage has increased by over 30%. Network connectivity has been enhanced to reach about 800 branches, with a large increase in bandwidth. Mobility has been leveraged through apps for customers and field processes. The usage of a new, mobility based lead capture cum loan origination system has begun in select regions and the learning has been incorporated into the subsequent phases of rollout. Technology solutions to implement smart branches, new accounting standards, collection campaigns, asset recovery etc have been launched successfully. Communication among employees has been improved by expansion of the video conferencing and webcast services. Outsourced services are being leveraged to leverage specialised skills and better service levels. Investments have been made in state-of-the-art IT infrastructure and security solutions.

## INTERNAL CONTROL

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to conduct internal audit. Reputed audit firms also ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever necessary, internal control systems are strengthened and corrective actions initiated.

## CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company’s objectives, predictions may be “forward-looking statements” within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company’s business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Mahindra & Mahindra Financial Services Limited**

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of **Mahindra & Mahindra Financial Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 2016, and the statements of profit and loss and cash flow for the period from April 1, 2015 to March 31, 2016, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the period from April 1, 2015 to March 31, 2016.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f. with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 41 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**  
**Chartered Accountants**  
Firm's Registration Number 105102W

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2016

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825

## ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone financial statements of **Mahindra & Mahindra Financial Services Limited** for the year ended March 31, 2016.

### Annexure to the Auditor's Report referred to in our report of even date:

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets are physically verified by the Management according to a programme of phased verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed in respect of assets verified during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- II. The company is engaged in the business of Non Banking Financial Services and accordingly does not hold any inventories. Hence, para 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- III. There are no companies, firms or other parties covered in the register maintained under Section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- IV. The provisions of Section 185 of the Act are not applicable to the Company. The Company has complied with the provisions of Section 186 of the Act to the extent applicable.
- V. The Company is a non banking finance company and consequently is exempt from provisions of Section 73, 74, 75 and 76 of the Act. Hence, para 3(v) of the Order is not applicable to the Company.
- VI. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) except for the following cases, there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the relevant authority.

Nature of statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	177.03	2005-06	Appeal to be filed with CIT(A)
Income Tax Act, 1961	Income Tax	150.12	2005-06	Appeal filed with CIT(A)
Income Tax Act, 1961	Income Tax	185.67	2006-07	Appeal filed with CIT(A)
Income Tax Act, 1961	Income Tax	25.18	2007-08	Appeal filed with CIT(A)
Income Tax Act, 1961	Income Tax	7.86	2010-11	Appeal filed with CIT(A)
Value Added Tax	Value Added Tax	123.57	April 2008 to Oct 2013	Stay by Andhra Pradesh High Court
Value Added Tax	Value Added Tax	0.56	2013-14	Appeal to be filed with Madhya Pradesh Appellate Tribunal
Finance Act, 1994	Service tax	5086.98	2008-13	Appeal filed with CESTAT (Tribunal)
Finance Act, 1994	Service tax	68.68	2008-13	Appeal to be filed with Commissioner (Appeals - I), Mumbai

- VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues from financial institutions or banks or debenture holders as at the Balance Sheet date.
- IX. On the basis of examination of relevant records and according to the information and explanations given to us, during the year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purpose for which they were obtained.
- X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 150 cases aggregating Rs. 559.99 Lacs, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.
- XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance

with Sections 177 and 188 of the Act, where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, para 3(xiv) of the Order is not applicable to the company.

XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.

XVI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and holds a valid certificate of registration under the same.

For **B. K. Khare and Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2016

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825

## ANNEXURE II TO THE AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra & Mahindra Financial Services Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2015 to March 31, 2016.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and may not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For **B. K. Khare and Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2016



**BALANCE SHEET AS AT MARCH 31, 2016**

		Rs. in Lacs	
	Note No.	As at March 31 2016	2015
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
a) Share capital .....	1	11,292.03	11,282.81
b) Reserves and surplus .....	2	5,97,518.70	5,55,658.09
		<b>6,08,810.73</b>	<b>5,66,940.90</b>
<b>2) Non-current liabilities</b>			
a) Long-term borrowings.....	3	17,33,167.65	14,78,714.78
b) Other long-term liabilities.....	4	43,262.99	30,247.97
c) Long-term provisions .....	5	44,820.99	32,796.05
		<b>18,21,251.63</b>	<b>15,41,758.80</b>
<b>3) Current liabilities</b>			
a) Short-term borrowings .....	6	4,34,689.28	4,87,098.39
b) Trade payables.....	7	47,883.60	47,790.43
c) Other current liabilities.....	8	8,94,622.42	7,48,764.20
d) Short-term provisions.....	9	1,50,690.26	1,15,061.82
		<b>15,27,885.56</b>	<b>13,98,714.84</b>
<b>Total.....</b>		<b>39,57,947.92</b>	<b>35,07,414.54</b>
<b>II. ASSETS</b>			
<b>1) Non-current assets</b>			
a) Fixed assets	10		
i) Tangible assets .....		10,791.91	10,507.74
ii) Intangible assets.....		555.30	466.04
iii) Capital work-in-progress.....		1.85	31.54
b) Non-current investments.....	11	99,233.39	75,992.00
c) Deferred tax assets (net) .....	12	58,527.64	41,526.17
d) Long-term loans and advances.....	13	18,41,719.19	17,00,368.74
e) Other non-current assets .....	14	5,176.44	23,203.46
		<b>20,16,005.72</b>	<b>18,52,095.69</b>
<b>2) Current assets</b>			
a) Current investments.....	15	49,100.67	9,375.00
b) Trade receivables .....	16	511.24	567.25
c) Cash and bank balances.....	17	58,903.17	47,937.84
d) Short-term loans and advances .....	18	18,24,055.67	15,92,606.84
e) Other current assets .....	19	9,371.45	4,831.92
		<b>19,41,942.20</b>	<b>16,55,318.85</b>
<b>Total.....</b>		<b>39,57,947.92</b>	<b>35,07,414.54</b>

**Summary of significant accounting policies and notes to the financial statements .....**

**I & II**

The notes referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred in our report of even date.

For **B. K. Khare & Co.**  
Chartered Accountants  
FRN:105102W

**Dhananjay Mungale** Chairman  
**Ramesh Iyer** Vice-Chairman &  
Managing Director

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825

**V. Ravi**  
Executive Director &  
Chief Financial Officer

**Arnavaz Pardiwala**  
Company Secretary

**M. G. Bhide** Director  
**Piyush Mankad** Director  
**C.B. Bhav** Director  
**Rama Bijapurkar** Director  
**V. S. Parthasarathy** Director  
**Dr. Anish Shah** Director

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

	Note No.	Rs. in Lacs	
		Year ended March 31	
		2016	2015
I. Revenue from operations.....	20	5,85,316.11	5,53,605.61
II. Other income.....	21	5,193.94	4,864.99
<b>III. Total Revenue (I + II).....</b>		<b>5,90,510.05</b>	<b>5,58,470.60</b>
<b>IV. Expenses:</b>			
Employee benefits expense.....	22	55,880.74	45,908.20
Finance costs.....	23	2,63,929.19	2,49,673.13
Depreciation and amortization expenses.....	24	4,088.81	4,151.63
Loan provisions and write offs.....	25	1,04,952.98	82,748.89
Other expenses.....	26	57,840.20	50,624.35
<b>Total Expenses.....</b>		<b>4,86,691.92</b>	<b>4,33,106.20</b>
<b>V. Profit before exceptional items and taxes (III - IV)</b>		<b>1,03,818.13</b>	<b>1,25,364.40</b>
VI. Exceptional items (net) - income/(expense).....		–	–
<b>VII. Profit before tax (V ± VI).....</b>		<b>1,03,818.13</b>	<b>1,25,364.40</b>
<b>VIII. Tax expense:</b>			
Current tax.....		53,560.00	51,995.00
Deferred tax.....		(17,001.47)	(9,808.19)
		<b>36,558.53</b>	<b>42,186.81</b>
<b>IX. Profit/(Loss) for the year (VII - VIII)</b>		<b>67,259.60</b>	<b>83,177.59</b>
<b>X. Earnings per equity share (Rupees):</b>	28 (i)		
(Face value - Rs. 2/- per share)			
(1) Basic.....		11.92	14.75
(2) Diluted.....		11.83	14.62
<b>Summary of significant accounting policies and notes to the financial statements.....</b>	<b>I &amp; II</b>		

The notes referred to above form an integral part of the Statement of Profit and Loss.  
This is the Statement of Profit and Loss referred in our report of even date.

For **B. K. Khare & Co.**  
Chartered Accountants  
FRN:105102W

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825

**V. Ravi**  
Executive Director &  
Chief Financial Officer

**Arnavaz Pardiwala**  
Company Secretary

**Dhananjay Mungale** Chairman  
**Ramesh Iyer** Vice-Chairman &  
Managing Director

**M. G. Bhide** Director  
**Piyush Mankad** Director  
**C.B. Bhawe** Director  
**Rama Bijapurkar** Director  
**V. S. Parthasarathy** Director  
**Dr. Anish Shah** Director

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Rs. in Lacs	
	Year ended March 31	
	2016	2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes and contingencies and exceptional items.....	1,03,818.13	1,25,364.40
<b>Add/(Less): Non Cash Expenses:</b>		
Depreciation and amortisation expense.....	4,088.81	4,151.63
Provision for Non-performing assets.....	52,596.10	33,259.02
Bad debts and write offs.....	51,003.24	48,401.00
General provision for Standard assets.....	1,353.00	1,057.00
Higher provision & provision for diminution in the fair value of restructured advances.....	0.64	31.87
Employee compensation expense on account of ESOP Scheme.....	1,431.06	1,065.33
	1,10,472.85	87,965.85
<b>Add/(Less): Income considered separately</b>		
Income on investing activities	(5,779.77)	(4,550.21)
(Profit)/Loss on sale of assets	(107.10)	(14.99)
(Profit)/Loss on sale of current investments	-	(468.64)
Income from Assignment/Securitisation transactions	(20,633.45)	(25,622.33)
	(26,520.32)	(30,656.17)
<b>Operating profit before working capital changes</b> ..... (i)	1,87,770.66	1,82,674.08
<b>Add/Less: Working capital changes</b>		
(Increase)/Decrease in interest accrued-others.....	(1,543.10)	(50.79)
(Increase)/Decrease in Trade receivables.....	56.01	868.11
(Increase)/Decrease in Loans and advances.....	(5,09,116.31)	(4,51,145.06)
	(5,10,603.40)	(4,50,327.74)
Add: Increase/(Decrease) in current liabilities.....	42,617.63	22,500.32
	(ii) (4,67,985.77)	(4,27,827.42)
<b>Cash generated from/(used in) operations</b> ..... (I+II)	(2,80,215.11)	(2,45,153.34)
Advance taxes paid.....	(57,890.09)	(53,744.93)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES (A)</b>	(3,38,105.20)	(2,98,898.27)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets/software.....	(4,321.27)	(3,978.71)
Sale of fixed assets.....	227.29	590.18
Purchase of investments other than investments in Subsidiaries and Joint Ventures.....	(2,28,979.53)	(2,67,445.45)
Investments in Subsidiary Companies.....	(9,457.22)	(2,295.00)
Investments in Joint Venture Company.....	(4,530.31)	(2,998.96)
Investments in/maturity of term deposits with banks.....	10,913.77	(4,516.77)
Sale of investments.....	1,80,000.00	2,74,757.77
Income received from investing activities.....	5,505.25	4,334.01
(Increase)/Decrease in Earmarked balances with banks.....	5.56	0.24
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES (B)</b>	(50,636.46)	(1,552.69)

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Rs. in Lacs	
	Year ended March 31	
	2016	2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity shares (net of issue expenses) .....	306.04	238.90
Increase/(Decrease) in Bank borrowings (net) .....	(1,22,402.47)	(2,45,042.73)
Increase/(Decrease) in Long term borrowings (net) .....	4,72,325.00	25,720.00
Increase/(Decrease) in Short term borrowings (net) .....	(41,425.00)	3,44,785.00
Increase/(Decrease) in Fixed deposits (net) .....	10,402.96	1,07,803.59
Proceeds from Assignment/Securitisation transactions (in the form of EIS, Collection charges recovered etc.) .....	99,463.75	89,044.34
Dividend paid (including tax on dividend).....	(27,174.62)	(25,157.82)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C) .....</b>	<b><u>3,91,495.66</u></b>	<b><u>2,97,391.28</u></b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C).....</b>	<b>2,754.00</b>	<b>(3,059.68)</b>
<b>Cash and Cash Equivalents at the beginning of the year .....</b>	<b><u>19,122.95</u></b>	<b><u>22,182.63</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note No. 17) .....</b>	<b><u>21,876.95</u></b>	<b><u>19,122.95</u></b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
- Cash on hand .....	2,254.23	1,622.33
- Cheques and drafts on hand.....	544.34	296.98
- Balances with banks in current accounts .....	19,078.38	17,203.64
<b>Total Cash and cash equivalents (refer note no. 17)</b>	<b><u>21,876.95</u></b>	<b><u>19,122.95</u></b>

**Note:** The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.

For **B. K. Khare & Co.**  
Chartered Accountants  
FRN:105102W

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825

**V. Ravi**  
Executive Director &  
Chief Financial Officer

**Arnavaz Pardiwala**  
Company Secretary

**Dhananjay Mungale** Chairman  
**Ramesh Iyer** Vice-Chairman &  
Managing Director

**M. G. Bhide** Director  
**Piyush Mankad** Director  
**C.B. Bhave** Director  
**Rama Bijapurkar** Director  
**V. S. Parthasarathy** Director  
**Dr. Anish Shah** Director

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2016

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES  
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**1) Basis for preparation of financial statements:**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 29 of notes to the financial statements).

**2) Use of estimates:**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**3) Revenue recognition:**

**I. General:**

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measurable.

**II. Income from loans:**

- a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
- b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.
- c) Delayed payment charges, fee based income and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.
- d) Income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

**III. Subvention income:**

Subvention received from manufacturers/dealers on vehicles financed is booked over the period of the contract.

**IV. Income from assignment/securitization transactions:**

**A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012 (the Circular):**

- i. In case of receivables assigned/secured by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

- ii. On de-recognition, the difference between book value of the receivables assigned/secured and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment/securitisation.
- iii. On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal are reversed as the actual losses/expenses have already been debited to the Statement of Profit and Loss over the period.

**B. Income accounted post the issuance of RBI Circular dated August 21, 2012 (the Circular):**

**i. Securitisation transactions:**

- a. Securitised receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.
- b. Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).
- c. Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of Profit and Loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront.

**ii. Assignment transactions:**

- a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).
- b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities"/"Other current liabilities" (refer note no. 4 and 8).

**V. Income from investments:**

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.
- c) Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.

**4) Fixed assets, depreciation and amortization:**

**a) Tangible assets:**

- i. Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
- ii. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

**b) Depreciation on Tangible assets:**

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets:

- a) Assets costing less than Rs. 5000/- are fully depreciated in the period of purchase.
- b) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- c) Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no.10.
- d) Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

**c) Intangible assets:**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

**d) Amortization of Intangible assets:**

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

**5) Foreign exchange transactions and translations:**

**i. Initial recognition**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**ii. Conversion**

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.
- b. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**iii. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.
- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

**iv. Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing asset/liability**

- a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised

over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term/short-term liabilities depending on the period over which the premium is amortised.

- b. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rate changes.
- c. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the period.
- d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gain/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.
- e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

**6) Investments:**

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**7) Loans against assets:**

Loans against assets are stated at agreement value net of instalments received less unamortised finance charges.

**8) Employee benefits:**

**(a) Contribution to Provident Fund -**

Company's contribution paid/payable during the year to Provident Fund is recognised in the Statement of Profit and Loss.

**(b) Gratuity -**

The Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

**MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)**

**(c) Superannuation -**

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India. Contributions are charged to Statement of Profit and Loss. The Company has no obligation to the scheme beyond its contributions.

**(d) Leave encashment/compensated absences/sick leave -**

The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

**9) Borrowing costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

**10) Current and deferred tax:**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**11) Share issue expenses:**

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve in the year in which they are incurred.

**12) Impairment of assets:**

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

**13) Provisions and contingent liabilities:**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more

uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**14) Employee Stock Compensation Costs:**

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

**15) Lease:**

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

**16) Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**NOTES TO THE FINANCIAL STATEMENTS:**

**NOTE 1 SHARE CAPITAL**

	<b>Rs. in Lacs</b>	
	<b>As at March 31</b>	
	<b>2016</b>	<b>2015</b>
<b>Authorised capital:</b>		
70,00,00,000 equity shares of Rs. 2/- each	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs. 100/- each	5,000.00	5,000.00
<b>Issued capital:</b>		
56,87,64,960 equity shares of Rs. 2/- each	11,375.30	11,375.30
<b>Subscribed and paid-up capital:</b>		
56,87,64,960 equity shares of Rs. 2/- each fully paid up	11,375.30	11,375.30
Less: Shares issued to ESOS Trust but not allotted to employees	83.27	92.49
(41,63,582 equity shares of Rs. 2/- each (March 21, 2015: 46,24,289 equity shares of Rs. 2/- each))		
<b>Total</b>	<b>11,292.03</b>	<b>11,282.81</b>

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

As at March 31					Rs. in Lacs	
					As at March 31	
					2016	2015
					Number of shares	Rs. in Lacs
					Number of shares	Rs. in Lacs
<b>a) Reconciliation of number of equity shares:</b>						
Balance at the beginning of the year						
	56,87,64,960	11,375.30	56,87,64,960	11,375.30		
Fresh allotment of shares						
	-	-	-	-		
<b>Balance at the end of the year</b>						
	<b>56,87,64,960</b>	<b>11,375.30</b>	<b>56,87,64,960</b>	<b>11,375.30</b>		
<b>b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates:</b>						
Holding company:						
Mahindra & Mahindra Limited						
	29,12,07,660	5,824.15	29,12,07,660	5,824.15		
Percentage of holding (%)						
	51.20%	51.20%	51.20%	51.20%		
<b>c) Shareholders holding more than 5 percent shares:</b>						
Mahindra & Mahindra Limited						
	29,12,07,660	5,824.15	29,12,07,660	5,824.15		
Percentage of holding (%)						
	51.20%	51.20%	51.20%	51.20%		
<b>d) Terms/rights attached to equity shares</b>						
The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.						
<b>e) Shares issued to ESOS Trust</b>						
The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 83.27 Lacs (March 31, 2015 : Rs. 92.49 Lacs) in respect of 41,63,582 equity shares of face value of Rs. 2/- each (March 31, 2015 : 46,24,289 equity shares of face value of Rs. 2/- each) pertaining to Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2010 and Securities premium reserve by Rs. 64.39 Lacs (March 31, 2015 : Rs. 64.39 Lacs) in respect of 7,85,275 equity shares (March 31, 2015 : 7,85,275 equity shares) pertaining to Employee Stock Option Scheme 2005 held by the Trust, as at the year-end pending allotment of shares to eligible employees						
<b>NOTE 2 RESERVES AND SURPLUS</b>						
					Rs. in Lacs	
					As at March 31	
					2016	2015
<b>Capital redemption reserve:</b>						
Balance as at the beginning of the year						
	5,000.00		5,000.00			
Add: Transfers during the year						
	-		-			
Less: Deductions during the year						
	-		-			
<b>Balance as at the end of the year</b>						
	<b>5,000.00</b>		<b>5,000.00</b>			
<b>Securities premium reserve:</b>						
Balance as at the beginning of the year						
	2,02,324.25		2,01,824.74			
Add: Additions during the year on account of -						
- Exercise of employee stock options						
	928.15		499.51			
Less: Deductions during the year						
	-		-			
Balance as at the end of the year						
	2,03,252.40		2,02,324.25			
Less: Premium on shares issued to ESOS Trust but not allotted to employees pertaining to Employees Stock option Scheme 2005						
	64.39		64.39			
<b>Net balance</b>						
	<b>2,03,188.01</b>		<b>2,02,259.86</b>			
<b>Statutory reserve:</b>						
Balance as at the beginning of the year						
	98,168.62		81,532.62			
Add: Transfers from Surplus in the Statement of Profit and Loss						
	13,452.00		16,636.00			
Less: Deductions during the year						
	-		-			
<b>Balance as at the end of the year</b>						
	<b>1,11,620.62</b>		<b>98,168.62</b>			
<b>General reserve:</b>						
Balance as at the beginning of the year						
	44,494.78		36,176.78			
Add: Transfers from Surplus in the Statement of Profit and Loss						
	6,726.00		8,318.00			
Less: Deductions during the year						
	51,220.78		44,494.78			
Less: Deductions during the year						
	-		-			
<b>Balance as at the end of the year</b>						
	<b>51,220.78</b>		<b>44,494.78</b>			
<b>Employees stock options outstanding:</b>						
<b>A) Employees stock options outstanding -</b>						
Balance as at the beginning of the year						
	5,241.45		1,333.81			
Add: Fresh grant of options						
	139.10		4,465.00			
Less: Transfers/reversals during the year						
i) Transfers to Securities premium reserve on exercise of options						
	928.15		499.51			
ii) Reversals for options lapsed						
	16.72		57.85			
<b>Balance as at the end of the year (A)</b>						
	<b>4,435.68</b>		<b>5,241.45</b>			
<b>B) Deferred employee compensation:</b>						
Balance as at the beginning of the year						
	3,599.85		462.18			
Add: Fresh grant of options						
	139.10		4,465.00			
Less: Amortisation during the year						
i) Transfers to employee compensation expenses						
	1,727.88		1,269.48			
ii) Reversals for options lapsed						
	16.72		57.85			
<b>Balance as at the end of the year (B)</b>						
	<b>1,994.35</b>		<b>3,599.85</b>			
<b>Balance as at the end of the year (A-B)</b>						
	<b>2,441.33</b>		<b>1,641.60</b>			
<b>Surplus in Statement of Profit and Loss:</b>						
Balance as at the beginning of the year						
	2,04,093.23		1,72,832.16			



**MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED**  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

	Rs. in Lacs	
	As at March 31	
	2016	2015
Less: Transitional depreciation charge (net of deferred tax) on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24).	-	317.77
	<b>2,04,093.23</b>	<b>1,72,514.39</b>
Add: Adjustment as per the Scheme of Amalgamation	-	529.87
Add: Profit for the year transferred from the Statement of Profit and Loss	67,259.60	83,177.59
	<b>2,71,352.83</b>	<b>2,56,221.85</b>
<b>Less: Appropriations:</b>		
General reserve	6,726.00	8,318.00
Statutory reserve	13,452.00	16,636.00
Proposed dividend on equity shares	22,750.60	22,750.60
Corporate dividend tax on equity shares	4,376.27	4,424.02
	47,304.87	52,128.62
<b>Balance as at the end of the year</b>	<b>2,24,047.96</b>	<b>2,04,093.23</b>
<b>Total</b>	<b>5,97,518.70</b>	<b>5,55,658.09</b>

**NOTE 3 LONG-TERM BORROWINGS**

**a) Secured - #**

Non-convertible debentures (refer note no. 44 (i) (a)) \$	7,30,390.00	3,57,040.00
Term loans:		
- from banks (refer note no. 44 (ii) (a))	5,34,273.81	6,66,930.95
Foreign currency loans from banks (refer note no. 44 (iii) (a))	53,227.83	12,500.00
<b>Total</b>	<b>13,17,891.64</b>	<b>10,36,470.95</b>

**b) Unsecured -**

Unsecured bonds (Subordinate debts) (refer note no. 45 (i) (a))	1,18,410.00	1,00,910.00
Term loans from banks (refer note no. 45 (ii) (a))	-	10,000.00
Fixed deposits (refer note no. 45 (iv) (b))	2,96,866.01	3,31,333.83
<b>Total</b>	<b>4,15,276.01</b>	<b>4,42,243.83</b>
<b>Total (a+b)</b>	<b>17,33,167.65</b>	<b>14,78,714.78</b>

# All secured loans/debentures are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans/debentures.

\$ The funds raised by the Company during the year by issue of Secured/Unsecured Non Convertible Debentures/Bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

**NOTE 4 OTHER LONG-TERM LIABILITIES**

Deposits/advances received against loan agreements (refer note no. 33)	2,338.12	1,804.35
Interest accrued but not due on borrowings	31,390.82	19,283.53
Deferred subvention income	2,296.12	2,508.93
Unrealised gains on loan transfers under securitisation transactions (refer note no. 36(c))	4,730.46	5,175.94
Cash profit on loan transfers under assignment transactions pending recognition	5.64	35.22
Premium payable to banks under forward exchange contracts on FCNR loans	2,501.83	1,440.00
<b>Total</b>	<b>43,262.99</b>	<b>30,247.97</b>

**NOTE 5 LONG-TERM PROVISIONS**

Provisions for employee benefits (refer note no. 34)	1,000.81	1,140.24
<b>Others -</b>		
- Provisions for Non-performing assets (refer note no. 29 (a))	36,337.76	24,734.42
- Contingent provisions for Standard assets (refer note no. 29 (b))	7,470.00	6,896.00
- Higher provisions on restructured standard advances (refer note no. 29 (d))	8.52	17.77
- Provisions for diminution in the fair value of restructured advances (refer note no. 29 (d))	3.90	7.62
<b>Total</b>	<b>44,820.99</b>	<b>32,796.05</b>

**NOTE 6 SHORT-TERM BORROWINGS**

**a) Secured #**

Term loans from banks (refer note no. 46 (i))	28,100.00	72,700.00
Cash credit facilities with banks (refer note no. 46 (i))	81,834.60	59,105.33
<b>Total</b>	<b>1,09,934.60</b>	<b>1,31,805.33</b>

**b) Unsecured -**

Loans and advances from related parties (ICDs) (refer note no. 45 (iii) (a))	30,925.00	850.00
Fixed deposits (refer note no. 45 (iv) (a))	17,829.68	6,943.06
Commercial Papers (CPs) (refer note no. 46 (ii))	2,76,000.00	3,47,500.00
<b>Total</b>	<b>3,24,754.68</b>	<b>3,55,293.06</b>
<b>Total (a+b)</b>	<b>4,34,689.28</b>	<b>4,87,098.39</b>

# All secured loans are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans.

**NOTE 7 TRADE PAYABLES**

a) Trade payables of Micro, Small and Medium Enterprises:		
- Finance	-	-
- Expenses	-	-
b) Trade payables other than Micro, Small and Medium Enterprises:		
- Finance	31,995.87	33,991.48
- Expenses	15,887.73	13,798.95

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

	Rs. in Lacs	
	As at March 31	
Total	2016	2015
	<b>47,883.60</b>	<b>47,790.43</b>
<b>NOTE 8 OTHER CURRENT LIABILITIES</b>		
<b>Current maturities of long-term debt</b>		
<b>a) Secured #</b>		
Non-convertible debentures (refer note no. 44 (i) (b)) \$	2,34,470.00	1,52,270.00
Foreign currency loans from banks (refer note no. 44 (iii) (b))	26,932.51	42,044.47
Term loans from banks (refer note no. 44 (ii) (b))	3,42,240.48	3,35,730.95
	<b>6,03,642.99</b>	<b>5,30,045.42</b>
<b>b) Unsecured -</b>		
Fixed deposits (refer note no. 45 (iv) (c))	1,63,730.66	1,29,746.50
Loans and advances from related parties (ICDs) (refer note no. 45 (iii) (c))	-	725.00
Term loans from banks (refer note no. 45 (ii) (b))	10,000.00	-
	<b>1,73,730.66</b>	<b>1,30,471.50</b>
Interest accrued but not due on borrowings	58,168.59	40,027.46
Unclaimed dividends	52.14	57.69
Deposits/advances received against loan agreements (refer note no. 33)	1,581.54	1,460.65
Amount received in advance from ESOS trust	147.66	156.88
Credit balances in current accounts with banks as per books	21,797.89	14,032.27
Deferred subvention income	2,108.73	2,284.76
Unrealised gains on loan transfers under securitisation transactions (refer note no. 36(c))	20,665.25	19,175.40
Cash profit on loan transfers under assignment transactions pending recognition	17.93	85.42
Insurance premium payable	2,947.33	3,840.65
Payables under assignment/securitisation transactions	1,871.91	2,932.13
Taxes deducted at source (TDS) and Service tax liability	3,154.82	3,009.23
Premium payable to banks under forward exchange contracts on FCNR loans	2,181.64	-
Others	2,553.34	1,184.74
	<b>8,94,622.42</b>	<b>7,48,764.20</b>

# All secured loans/debentures are secured by pari passu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans/debentures.

\$ The funds raised by the Company during the year by issue of Secured/Unsecured Non Convertible Debentures/Bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

**NOTE 9 SHORT-TERM PROVISIONS**

	2016	2015
Provisions for employee benefits (refer note no. 34)	4,102.88	3,455.50
<b>Others -</b>		
- Provisions for estimated loss/expenses on assignments	-	6,756.56
- Provisions for Non-performing assets (refer note no. 29 (a))	1,12,875.42	71,882.66
- Contingent provisions for Standard assets (refer note no. 29 (b))	6,565.00	5,786.00
- Higher provisions on restructured standard advances (refer note No. 29 (d))	13.79	4.54
- Provisions for diminution in the fair value of restructured advances (refer note No. 29 (d))	6.30	1.94
- Proposed dividend on equity shares #	22,750.60	22,750.60
- Corporate dividend distribution tax #	4,376.27	4,424.02
<b>Total</b>	<b>1,50,690.26</b>	<b>1,15,061.82</b>

# The Board of Directors have recommended a dividend of Rs. 4/- per share on equity shares of face value of Rs. 2/- each (March 31, 2015: Rs. 4.00 per share on equity shares of face value Rs. 2/- each) for the current financial year. The dividend will absorb a sum of Rs. 27,126.87 Lacs (March 31, 2015: Rs. 27,174.62 Lacs) including corporate dividend distribution tax.

The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2006 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated March 30, 2016. The Companies (Accounting Standards) Rules, 2016 is effective March 30, 2016. According to the amended rules, the proposed dividend mentioned above need not be recorded as a liability as at March 31, 2016. (Refer Para 8.5 of AS-4 - Contingencies and Events occurring after Balance Sheet date). The Company believes that the Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rule, 2016 will apply for the accounting periods commencing on or after March 30, 2016. Therefore, the Company has recorded Rs. 27,126.87 lacs as liability for proposed dividend (including corporate dividend distribution tax) as at March 31, 2016.

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

**NOTE 10 FIXED ASSETS**

Rs. in Lacs

Asset description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK		
	As at 1 <sup>st</sup> April, 2015	Additions	Deductions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	Transitional depreciation#	Additions	Deductions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>i) Tangible assets:</b>											
Premises	108.92	-	-	108.92	19.41	-	1.83	-	21.24	87.68	89.51
	108.92	-	-	108.92	17.59	-	1.82	-	19.41	89.51	91.33
Computers	5,021.18	805.07	277.74	5,548.51	3,573.68	-	790.10	277.61	4,086.17	1,462.34	1,447.50
	4,096.06	970.18	45.06	5,021.18	2,099.10	401.44	1,118.20	45.06	3,573.68	1,447.50	1,996.96
Furniture and fixtures	6,816.95	608.85	66.54	7,359.26	2,857.03	-	809.10	57.21	3,608.92	3,750.34	3,959.92
	6,252.18	583.19	18.42	6,816.95	2,032.83	36.38	799.84	12.02	2,857.03	3,959.92	4,219.35
Vehicles	5,168.15	994.08	417.06	5,745.17	2,806.47	-	854.97	312.97	3,348.47	2,396.70	2,361.68
	4,836.17	530.54	198.56	5,168.15	2,094.53	1.86	823.09	113.01	2,806.47	2,361.68	2,741.64
Office equipments	5,998.54	1,646.90	326.64	7,318.80	3,349.41	-	1,194.54	320.00	4,223.95	3,094.85	2,649.13
	4,596.45	1,432.65	30.56	5,998.54	2,209.48	41.71	1,126.93	28.71	3,349.41	2,649.13	2,386.97
<b>Total (i)</b>	<b>23,113.74</b>	<b>4,054.90</b>	<b>1,087.98</b>	<b>26,080.66</b>	<b>12,606.00</b>	-	<b>3,650.54</b>	<b>967.79</b>	<b>15,288.75</b>	<b>10,791.91</b>	<b>10,507.74</b>
	19,889.78	3,516.56	292.60	23,113.74	8,453.53		481.39	3,869.88	12,606.00	10,507.74	11,436.25
<b>ii) Intangible assets:</b>											
Computer software	1,868.29	527.53	-	2,395.82	1,402.25	-	438.27	-	1,840.52	555.30	466.04
	1,614.60	253.69	-	1,868.29	1,120.50	-	281.75	-	1,402.25	466.04	494.10
<b>Total (ii)</b>	<b>1,868.29</b>	<b>527.53</b>	<b>-</b>	<b>2,395.82</b>	<b>1,402.25</b>	<b>-</b>	<b>438.27</b>	<b>-</b>	<b>1,840.52</b>	<b>555.30</b>	<b>466.04</b>
	1,614.60	253.69	-	1,868.29	1,120.50	-	281.75	-	1,402.25	466.04	494.10
<b>Total (i+ii)</b>	<b>24,982.03</b>	<b>4,582.43</b>	<b>1,087.98</b>	<b>28,476.48</b>	<b>14,008.25</b>	<b>-</b>	<b>4,088.81</b>	<b>967.79</b>	<b>17,129.27</b>	<b>11,347.21</b>	<b>10,973.78</b>
	21,504.38	3,770.25	292.60	24,982.03	9,574.03	481.39	4,151.63	198.80	14,008.25	10,973.78	11,930.35

Previous year figures are in Italics.

# represents transitional depreciation charge adjusted in opening balance of Surplus in Statement of Profit and Loss on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24).

**NOTE 11 NON-CURRENT INVESTMENTS**

Rs. in Lacs

	Rs. in Lacs		As at March 31			
	As at March 31		2016	2015		
	2016	2015	2016	2015		
<b>A) Quoted (at cost): Trade</b>					(March 31, 2015: 5,75,20,003 equity shares of Rs. 10/- each fully paid up, of which 1,75,20,003 equity shares are at a premium of Rs. 15/- per share)	
Government securities (refer note no. 11 (i))	63,220.81	50,612.79			Mahindra Asset Management Company Private Ltd. (refer note no. 11 (iii) (b) and 11(iv))	
Secured redeemable non-convertible debentures (refer note no. 11 (ii) (a))	2,000.01	5,354.17	6,055.00	105.00	- Fully paid-up: (6,05,50,000 equity shares of Rs. 10/- each)	
(Non-current portion of long-term investments in secured redeemable non-convertible debentures)					(March 31, 2015: 10,50,000 equity shares of Rs. 10/- each fully paid up)	
	(A)		65,220.82	55,966.96	Mahindra Trustee Company Private Ltd. (refer note no. 11 (iii) (c))	
					15.00	5.00
<b>B) Unquoted (at cost): Non-trade</b>					1,50,000 equity shares of Rs. 10/- each fully paid up	
<b>(a) Equity investment in subsidiary companies:</b>					(March 31, 2015: 50,000 equity shares of Rs. 10/- each fully paid up)	
Mahindra Insurance Brokers Limited	47.98	47.98	17,995.20	8,537.98		
(21,90,722 equity shares of face value of Rs. 10/- each fully paid up)						
Mahindra Rural Housing Finance Limited						
- Fully paid-up: (6,62,63,043 equity shares of Rs. 10/- each fully paid up, of which 1,75,20,003 equity shares are at a premium of Rs. 15/- per share and 87,43,040 equity shares are at a premium of Rs. 30/- per share)	11,877.22	8,380.00				
			33,312.57	19,325.04		
<b>(b) Equity investment in Joint Venture:</b>					49% Ownership in Mahindra Finance USA, LLC (refer note no. 11 (iii) (d))	
			15,317.32	10,787.01	(Joint venture entity with De Lage Landen Financial Services INC. in United States of America)	
<b>(c) Equity investment in other entities:</b>					New Democratic Electoral Trust (500 equity shares of Rs. 10/- each fully paid up)	
			0.05	0.05		



**MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)**

Particulars	Face value (Rs.)	Rs. in Lacs	
		Units	Amount
Govt Stock 8.97%-05/12/2030	100	1500000	1,600.64
Govt Stock 8.97%-05/12/2030	100	1000000	1,111.60
Govt Stock 8.97%-05/12/2030	100	1000000	1,094.09
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.97%-05/12/2030	100	2000000	2,204.88
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.13
Govt Stock 8.83%-12/12/2041	100	1000000	1,023.64
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
<b>Total</b>		<b>51000000</b>	<b>50,612.79</b>

Quoted investments of Rs. 63,220.81 Lacs (March 31, 2015: Rs. 50,612.79 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act, 1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

**ii) Details of investments in Secured redeemable non-convertible debentures:**

**As at March 31, 2016:**

Sr. No. ISIN Description	Total Quantity	Face Value	Rs. in Lacs		
			(a) Non Current	(b) Current	Total
1 ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000	-	416.67	416.67
2 AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
3 AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000	-	416.67	416.67
4 ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
5 ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500	-	625.00	625.00
6 DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
7 FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
8 GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000	-	250.00	250.00
9 GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	200	2000	-	833.33	833.33
10 SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	150	1500	-	375.00	375.00
11 SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500	-	625.00	625.00

Sr. No. ISIN Description	Total Quantity	Face Value	Rs. in Lacs		
			(a) Non Current	(b) Current	Total
12 SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
13 INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FVRS750000	80	800	166.67	400.00	566.67
14 LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FVRS10LAC	75	750	156.25	375.00	531.25
15 M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC	75	750	156.25	375.00	531.25
16 SAJJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC	80	800	166.67	400.00	566.67
17 SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FVRS10LAC	300	3000	625.00	1500.00	2,125.00
18 SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FVRS10LAC	200	2000	416.67	1000.00	1,416.67
19 ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FVRS750000	150	1500	312.50	750.00	1,062.50
<b>Total</b>			<b>2,000.01</b>	<b>9,279.17</b>	<b>11,279.18</b>

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

**As at March 31, 2015:**

Sr. No. ISIN Description	Total Quantity	Face Value	Rs. in Lacs		
			(a) Non Current	(b) Current	Total
1 ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
2 AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
3 AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
4 ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
5 ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
6 DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
7 FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
8 FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
9 FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Sr. No.	ISIN Description	Total Quantity	Face Value	Rs. in Lacs		
				(a) Non Current	(b) Current	Total
10	GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
11	GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	200	2000.00	833.33	1000.00	1,833.33
12	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	150	1500.00	375.00	750.00	1,125.00
13	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
14	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
<b>Total</b>				<b>5,354.17</b>	<b>7,875.00</b>	<b>13,229.17</b>

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

iii) During the year, the Company has made the following equity investments –

- Rs. 3,497.22 Lacs (March 31, 2015: Rs. 2,190.00 Lacs) in Mahindra Rural Housing Finance Ltd., its subsidiary, by subscription to 87,43,040 Equity shares of Rs. 10/- each for cash at a premium of Rs. 30/- per Equity share on a rights basis on which Rs. 40/- per Equity share (including premium of Rs. 30/- per Equity share) has been fully paid up.
  - Rs. 5,950.00 Lacs (March 31, 2015: Rs. 100.00 Lacs) in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 5,95,00,000 Equity shares of Face Value of Rs. 10/- each at par for cash fully paid up on a rights basis.
  - Rs. 10.00 Lacs (March 31, 2015: Rs. 5.00 Lacs) in Mahindra Trustee Company Private Limited, a wholly owned subsidiary, by subscription to 1,00,000 Equity shares of Face Value of Rs. 10/- each at par for cash fully paid up on a rights basis.
  - Rs. 4,530.31 Lacs equivalent to US \$ 6.96 million (March 31, 2015: Rs. 2,998.96 Lacs equivalent to US \$ 4.92 million) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.
- iv) During the year, the Securities Exchange Board of India (SEBI) has granted Certificate of Registration to 'Mahindra Mutual Fund' along with an approval to Mahindra Asset Management Company Private Limited, a wholly owned subsidiary, to act as the Asset Management Company to 'Mahindra Mutual Fund'.

NOTE 12 DEFERRED TAX ASSETS (NET)

	Rs. in Lacs	
	As at March 31 2016	2015
<b>a) Deferred tax assets</b>		
Provision for non performing assets/loss and expenses on assignments	51,650.95	35,779.54
Provision on standard assets	4,857.23	4,388.99
Other disallowances	1,083.16	694.60
Difference between written down value of assets as per books of account and Income Tax Act, 1961	936.30	663.04
(a)	<b>58,527.64</b>	<b>41,526.17</b>

	Rs. in Lacs	
	As at March 31 2016	2015
<b>b) Deferred tax liabilities</b>		
Difference between written down value of assets as per books of account and Income Tax Act, 1961	-	-
(b)	-	-
<b>Net Deferred tax assets (a) - (b)</b>	<b>58,527.64</b>	<b>41,526.17</b>

NOTE 13 LONG-TERM LOANS AND ADVANCES

	2016	2015
<b>Unsecured, considered good unless otherwise stated:</b>		
Capital advances	7.08	238.55
Deposits for office premises/others	2,052.59	1,834.70
Loans against assets (secured, including overdue loans)#	18,30,167.57	16,84,606.43
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 49 (IV) (a))	162.02	403.46
Retained interest under assignment transactions	150.75	257.64
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36(c))	4,730.45	5,175.94
Loans and advances (including overdue loans) @	4,448.73	3,195.52
Inter corporate deposits	-	4,656.50
# Includes non-performing assets of Rs. 66,283.31 Lacs (March 31, 2015: Rs. 45,782.78 Lacs) (refer note no. 5, 9 and 29 (a))		
@ Includes non-performing assets of Rs. 387.57 Lacs (March 31, 2015: Rs. 214.80 Lacs) (refer note no. 5, 9 and 29 (a))		
<b>Total</b>	<b>18,41,719.19</b>	<b>17,00,368.74</b>

NOTE 14 OTHER NON-CURRENT ASSETS

Term deposits with banks with original maturity greater than 12 months		
- Free	-	4,086.77
- Under lien (refer note no. 17 (a))	3,310.23	18,354.12
Derivative contract receivables	459.52	-
Exchange gain receivable on forward contract on FCNR loans	391.45	168.00
Deferred premium on FCNR loan forward contracts	1,015.24	594.57
<b>Total</b>	<b>5,176.44</b>	<b>23,203.46</b>

NOTE 15 CURRENT INVESTMENTS

<b>i) Quoted -</b>		
Secured redeemable non-convertible debentures (refer note no. 11 (ii) (b))	9,279.17	7,875.00
(Current portion of long term investments in secured redeemable non-convertible debentures)		
	<b>9,279.17</b>	<b>7,875.00</b>

**MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED**  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

	Rs. in Lacs		Rs. in Lacs	
	As at March 31 2016	2015	As at March 31 2016	2015
<b>ii) Unquoted (at cost):</b>				
Certificate of deposits with banks #	24,821.50	-		
Commercial Papers (1500 CP instruments, face value of Rs. 5.00 Lacs per CP issued by IMFR Capital Finance Private Limited and 1500 CP instruments, face value of Rs. 5.00 Lacs per CP issued by Janalakshmi Financial Services Limited; March 31, 2015: 300 CP instruments, face value of Rs. 5.00 Lacs per CP issued by IKF Finance Limited)	15,000.00	1,500.00		
	<u>39,821.50</u>	<u>1,500.00</u>		
<b>Total</b>	<u><u>49,100.67</u></u>	<u><u>9,375.00</u></u>		

**Additional Information:**

Aggregate amount of quoted investments and market value -

i) Aggregate amount	9,279.17	7,875.00
ii) Market Value *	9,279.17	7,875.00
Aggregate amount of unquoted investments	39,821.50	1,500.00

\* Book value is taken as market value since market quotes are not available in the absence of trades.

**# Details of unquoted current investments in certificate of deposits:**

**As at March 31, 2016:**

Particulars	Face value (Rs.)	Rs. in Lacs	
		Units	Amount
IDBI BANK	100000	5000	4,992.89
IDBI BANK	100000	10000	9,982.22
ORIENTAL BANK OF COMMERCE	100000	10000	9,846.39
<b>Total</b>		<u><u>25000</u></u>	<u><u>24,821.50</u></u>

**As at March 31, 2015: Nil**

Rs. in Lacs	
As at March 31 2016	2015

**NOTE 16 TRADE RECEIVABLES**

**Secured, considered doubtful unless otherwise stated:**

Trade receivable on hire purchase transactions # (outstanding for a period exceeding six months)	374.19	375.53
---	--------	--------

**Unsecured, considered good unless otherwise stated:**

Debts outstanding for a period exceeding six months	-	29.08
Debts outstanding for a period not exceeding six months	137.05	162.64

# Includes non-performing assets of Rs. 374.19 Lacs (March 31, 2015: Rs. 375.53 Lacs) (refer note no. 5, 9 and 29 (a))

<b>Total</b>	<u><u>511.24</u></u>	<u><u>567.25</u></u>
--------------	----------------------	----------------------

**NOTE 17 CASH AND BANK BALANCE**

**Cash and cash equivalents:**

- Cash on hand	2,254.23	1,622.33
- Cheques and drafts on hand	544.34	296.98
- Balances with banks in current accounts	19,078.38	17,203.64
	<u>21,876.95</u>	<u>19,122.95</u>

**Other bank balances:**

Earmarked balances with banks -

- Unclaimed dividend accounts	53.45	59.01
Term deposits with original maturity of greater than 12 months with remaining maturity up to 12 months	92.00	-
Term deposits under lien (refer note no. 17 (a))	36,880.77	28,755.88
	<u>37,026.22</u>	<u>28,814.89</u>
<b>Total</b>	<u><u>58,903.17</u></u>	<u><u>47,937.84</u></u>

**a) Details of Term deposits #**

Rs. in Lacs

	As at March 31, 2016			As at March 31, 2015		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
(i) Term deposits for SLR	15,307.00	2,470.00	17,777.00	10,783.00	13,722.00	24,505.00
(ii) Collateral deposits for securitization transactions	21,380.77	513.23	21,894.00	17,469.88	4,615.12	22,085.00
(iii) Legal deposits	3.00	17.00	20.00	3.00	17.00	20.00
(iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	190.00	310.00	500.00	500.00	-	500.00
<b>Total</b>	<u><u>36,880.77</u></u>	<u><u>3,310.23</u></u>	<u><u>40,191.00</u></u>	<u><u>28,755.88</u></u>	<u><u>18,354.12</u></u>	<u><u>47,110.00</u></u>

**# Term deposits with scheduled banks under lien include:**

- i) Rs. 17,777.00 Lacs (March 31, 2015: Rs. 24,505.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act, 1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.
- ii) Rs. 21,894.00 Lacs (March 31, 2015: Rs. 22,085.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no. 49 (IV)).
- iii) Rs. 20.00 Lacs (March 31, 2015: Rs. 20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.
- iv) Rs. 500.00 Lacs (March 31, 2015: Rs. 500.00 Lacs) as collateral deposits kept with banks towards Constituent Subsidiary General

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Ledger (CSGL) account for holding securities for SLR purpose.

NOTE 18 SHORT-TERM LOANS AND ADVANCES

	Rs. in Lacs	
	As at March 31	
	2016	2015
<b>Unsecured, considered good unless otherwise stated:</b>		
Loans against assets (secured, including overdue loans) #	16,05,215.52	14,19,030.81
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no. 49 (IV) (a))	310.32	839.89
Retained interest under assignment transactions	143.30	524.46
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36 (c))	20,665.26	19,175.40
Loans and advances (including overdue loans) @	12,647.00	13,532.09
Bills of exchange	29,447.55	14,955.03
Trade Advances @	1,16,616.51	1,05,574.35
Inventory funding (secured, including overdue loans)	21,752.81	9,896.55
Inter corporate deposits to related parties @	4,756.50	100.00
Deposits for office premises/others	371.44	364.99
Advance payment of taxes (net of provisions)	10,927.38	6,597.29
Other short-term advances	1,202.08	2,015.98
# Includes non-performing assets of Rs. 2,03,237.01 Lacs (March 31, 2015: Rs. 1,30,013.83 Lacs) (refer note no. 5, 9 and 29 (a))		
@ Includes non-performing assets of Rs. 2,442.47 Lacs (March 31, 2015: Rs. 2,050.78 Lacs) (refer note no. 5, 9 and 29 (a))		
<b>Total</b>	<b>18,24,055.67</b>	<b>15,92,606.84</b>

19. Other current assets

Interest accrued on -		
Investments	1,233.46	958.94
Others deposits	3,908.65	2,365.55
Derivative contract receivables	-	784.47
Exchange gains receivable on forward contract on FCNR loans	888.13	-
Deferred premium on FCNR loan forward contracts	3,341.21	722.96
<b>Total</b>	<b>9,371.45</b>	<b>4,831.92</b>

20. Revenue from operations

	Rs. in Lacs	
	Year ended March 31	
	2016	2015
<b>a) Interest Income</b>		
Income from loans	5,27,653.45	4,93,711.72
Income from hire purchase	26.09	31.64
Interest on term deposits/Inter-corporate deposits/Bonds etc.	6,918.09	6,133.18
Interest on retained interest in PTCs under securitization transactions	43.55	97.12
Interest on Government securities - Long term	4,710.02	3,710.69
(a)	5,39,351.20	5,03,684.35

b) Other financial services

	Rs. in Lacs	
	Year ended March 31	
	2016	2015
Service charges and other fees on loan transactions	22,282.68	22,280.14
Income from hire purchase	0.13	0.20
Income from bills discounting	3,047.41	2,018.08
Income from lease	1.24	0.51
Income from assignment/securitisation transactions (refer note no. 36)	20,633.45	25,622.33
(b)	45,964.91	49,921.26
<b>Total (a+b)</b>	<b>5,85,316.11</b>	<b>5,53,605.61</b>

21. Other income

Dividend income on -		
- Current investments in mutual fund units	48.15	84.09
- Long-term investments in subsidiary companies	1,021.60	755.43
Profit/premium on sale/redemption of -		
- Current investments	-	468.64
Profit on sale/retirement of owned assets (net)	107.10	14.99
Income from shared services	3,595.55	2,932.95
Others	421.54	608.89
<b>Total</b>	<b>5,193.94</b>	<b>4,864.99</b>

22. Employees benefits expense

Salary, bonus and incentives	48,915.58	40,218.39
Company's contribution to provident funds and other funds	3,672.48	3,073.18
Employee Stock Compensation costs (refer note no. 28 (g)) #	1,431.06	1,065.33
Staff welfare expenses	1,861.62	1,551.30
<b>Total</b>	<b>55,880.74</b>	<b>45,908.20</b>

# Inclusive of ESOP costs reimbursements (net) to the holding company Rs. 17.24 Lacs (March 31, 2015: Rs. 19.15 Lacs) and net of recoveries from subsidiary company Rs. 314.06 Lacs (March 31, 2015: Rs. 223.30 Lacs).

23. Finance costs

Interest expenses	2,61,524.81	2,47,405.42
Other borrowing costs	2,404.38	2,267.71
<b>Total</b>	<b>2,63,929.19</b>	<b>2,49,673.13</b>

24. Depreciation and amortization expense

Depreciation on tangible assets	3,650.54	3,869.88
Amortization of intangible assets	438.27	281.75
<b>Total</b>	<b>4,088.81</b>	<b>4,151.63</b>

Consequent to the enactment of the Act, the Company had, in the year ended March 31, 2015, recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II to the Act or as assessed by the management (refer Accounting Policies, Note no. 4 (b)). This had resulted in additional charge of depreciation of Rs. 1,384.02 lacs for the year ended March 31, 2015. Further, as per the transitional provision, carrying value of assets of Rs. 317.77 lacs (net of Deferred tax of Rs. 163.62 lacs) was adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life was NIL as at April 01, 2014.



**MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)**

	Rs. in Lacs	
	Year ended March 31	
	2016	2015
<b>25. Loan provisions and write offs</b>		
Bad debts and write offs (refer note no. 29 (c))	51,003.24	48,401.00
Provisions for Non-performing assets (net) (refer note no. 5,9 and 29 (a))	52,596.10	33,259.02
General provisions for Standard assets (refer note no. 5,9 and 29 (b))	1,353.00	1,057.00
Higher provisions on restructured standard advances (refer note no. 5,9 and 29 (d))	-	22.31
Provisions for diminution in the fair value of restructured advances (refer note no. 5,9 and 29 (d))	0.64	9.56
<b>Total</b>	<b><u>1,04,952.98</u></b>	<b><u>82,748.89</u></b>
<b>26. Other expenses</b>		
Electricity charges	1,850.42	1,608.17
Rent	6,384.04	5,440.30
Repairs and maintenance -		
- Buildings	483.46	370.96
- Others	280.09	212.47
Insurance	1,422.74	1,133.17
Rates and taxes, excluding taxes on income	510.81	342.62
Directors' sitting fees and commission	294.55	214.63
Commission and brokerage	17,250.70	16,271.72
Legal and professional charges	7,235.57	5,867.51
Manpower outsourcing cost	184.73	33.87
Payments to the auditor -		
- Audit fees	44.31	34.40
- Taxation matters	7.95	4.68
- Other services	35.08	16.75
- Reimbursement of expenses	1.28	0.72
Corporate Social Responsibility donations and expenses (refer note no. 39)	2,905.95	2,487.63
General and administrative expenses	18,948.52	16,584.75
<b>Total</b>	<b><u>57,840.20</u></b>	<b><u>50,624.35</u></b>

Above expenses include following expenditure incurred in foreign currency:

Travelling expenses	1.63	10.62
Legal and professional fees	122.91	126.68
Other expenses	10.26	26.10

**27. Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).**

The Company has interest in the following jointly controlled entity

	Name of the entity	Country of Incorporation	% Holding
i)	Mahindra Finance USA, LLC	United States of America	49.00%

**ii) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities**

		(Rs. in Lacs)	
		As at March 31	
	Particulars	2016	2015
<b>I.</b>	<b>ASSETS</b>		
1	Long-term loans and advances	1,94,636.77	1,34,793.06
2	Deferred tax assets	735.90	451.68
3	Cash and cash equivalents	624.49	266.35
4	Short-term loans and advances	47,754.42	31,788.75
<b>II.</b>	<b>LIABILITIES</b>		
1	Long term borrowings	1,08,561.47	75,101.31
2	Other Long term liabilities	-	-
3	Long term provisions	727.01	430.29
4	Short term borrowings	55,269.45	36,064.29
5	Other current liabilities	56,052.27	40,044.49
6	Short-term provisions	176.84	100.71
<b>III.</b>	<b>INCOME</b>		
1	Revenue from operations	10,048.49	6,602.74
2	Other income	635.97	365.65
<b>IV.</b>	<b>EXPENSES</b>		
1	Finance costs	3,918.39	2,492.20
2	Provisions and write-offs	973.53	327.88
3	Other expenses	2,913.69	2,021.86
4	Provision for current tax	1,294.04	893.55
5	Provision for deferred tax	(254.18)	(129.08)

**28. Employee Stock Option Plan**

- a) The Company had allotted 134,32,750 equity shares (face value of Rs. 2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs. 8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs. 2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,41,14,193 equity shares to employees up to March 31, 2016 (March 31, 2015 : 1,36,53,486 equity shares), of which 4,60,707 equity shares (March 31, 2015 : 6,15,552 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under:

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	3 years from the date of vesting
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

	Scheme 2005	Scheme 2010
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

- b) The details of modification to Employee stock option scheme (extension of exercise period):

The Nomination and Remuneration Committee of the Board of Directors of Mahindra & Mahindra Financial Services Limited at its Meeting held on 23rd April, 2015, has approved the extension of the exercise period to 36 months from the date of vesting as against the current period of 6 months in respect of the stock options granted under the Mahindra & Mahindra Financial Services Limited Employee's Stock Option Scheme 2010.

The details of increase/(decrease) in fair value as a result of extension of the exercise period are as follows:

Sr.No.	Scheme Name	Grant date	Fair value per option on the date of grant (Rs.)	Pre modification fair value per option (Rs.)	Post modification fair value per option (Rs.)	Increase/(decrease) in fair value per option (Rs.)
1	ESOS 2010	25-Jan-2012	117.31	276.65	273.82	(2.83)
2	ESOS 2010	22-Jul-2013	198.64	272.99	268.41	(4.58)
3	ESOS 2010	21-Oct-2013	259.46	272.25	267.57	(4.68)
4	ESOS 2010	21-Oct-2014	267.23	268.69	264.07	(4.62)

As per the requirements of paragraph 24 of the Guidance Note on Accounting for Employee Share-based payments issued by the Institute of Chartered Accountants of India (ICAI), the Company has not taken in to account above decrease in fair value measured immediately before and after modification of the terms and conditions and hence continued to measure the amount recognised for services received as consideration for the stock options based on the grant date fair value of the stock options granted.

- c) During the year, the Company has granted 57,920 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

	Grant dated October 21, 2015
No. of options granted	57,920
Intrinsic value of shares based on latest available closing market price (Rs.)	240.15
Total amount to be amortized over the vesting period (Rs. in Lacs)	139.10
Charge to Statement of Profit and Loss for the year (Rs. in Lacs)	31.76
Compensation in respect of lapsed cases (Rs. in Lacs)	-
Unamortized amount carried forward (Rs. in Lacs)	107.34

The fair value of options, based on the valuation of the independent valuer as on the date of grant are:

Vesting date	Grant dated October 21, 2015	
	Expected Vesting	Fair Value (Rs.) per share
October 21, 2016	11584	223.42
October 21, 2017	11584	
October 21, 2018	11584	
October 21, 2019	11584	
October 21, 2020	11584	
	<b>57920</b>	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables #	Grant dated October 21, 2015
1) Risk free interest rate	7.53%
2) Expected life	4.50 years
3) Expected volatility	37.37%
4) Dividend yield	1.65%
5) Price of the underlying share in the market at the time of option grant (Rs.)	242.15

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

- d) Summary of stock options

Summary of Stock Options	As at/Year ended March 31			
	2016		2015	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	21,22,955	2.00	11,63,249	12.70
Options granted during the year	57,920	2.00	16,01,507	2.00
Options forfeited/lapsed during the year #	5,995	2.00	26,249	11.07
Options exercised during the year	4,60,707	2.00	6,15,552	21.84
Options outstanding at the end of the year	17,14,173	2.00	21,22,955	2.00
Options vested but not exercised at the end of the year	2,87,526	2.00	1,24,345	2.00

# including nil (March 31, 2015: 13,225) options forfeited/lapsed out of the options granted during the year.

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

e) Information in respect of options outstanding:

Grant date/Exercise price	As at March 31			
	2016		2015	
	No. of stock options	Weighted average remaining life \$	No. of stock options	Weighted average remaining life
<b>Scheme 2010:</b>				
February 07, 2011 at Rs. 2.00	1,44,188	34 months	3,55,735	13 months
January 25, 2012 at Rs. 2.00	62,830	41 months	95,790	19 months
July 22, 2013 at Rs. 2.00	28,878	52 months	38,504	28 months
October 21, 2013 at Rs. 2.00	41,365	51 months	44,644	31 months
October 21, 2014 at Rs. 2.00 #	13,78,992	59 months	15,88,282	37 months
October 21, 2015 at Rs. 2.00	57,920	68 months	-	-
<b>Total</b>	<b>17,14,173</b>		<b>21,22,955</b>	

\$ the increase in weighted average remaining life as at March 31, 2016 as compared to March 31, 2015 is on account of modification to Employee stock option scheme 2010 representing extension of exercise period to 36 months from the date of vesting as against the erstwhile exercise period of 6 months from the date of vesting (refer note no. 28 (b)).

# net of nil (March 2015: 13,225) options forfeited/lapsed out of the options granted during the year.

f) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average share price (Rs.)
April 23, 2015	280.33
May 22, 2015	268.97
June 29, 2015	270.34
July 27, 2015	264.08
August 21, 2015	264.41
September 24, 2015	229.04
October 28, 2015	227.17
November 24, 2015	238.94
December 21, 2015	243.26
January 22, 2016	201.98
February 22, 2016	217.58
March 22, 2016	240.11

g) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

h) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 28 (i) have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

**Grants covered under Scheme 2005:**

Variables #	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

\* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

**Grants covered under Scheme 2010:**

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014	21-Oct-2015
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%	7.53%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years	4.50 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%	37.37%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%	1.65%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80	242.15

# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	Intrinsic Value Method		Fair Value Method *	
	As at March 31		As at March 31	
	2016	2015	2016	2015
Net profit after tax (Rs. in Lacs)	67,259.60	83,177.59	67,336.73	83,245.96
Weighted average number of equity shares of Rs. 2/- each – Basic	56,42,78,639	56,38,37,362	56,42,78,639	56,38,37,362
Weighted Average number of equity shares of Rs. 2/- each – Diluted	56,87,64,960	56,87,64,960	56,87,64,960	56,87,64,960
Basic Earnings Per Share (Rs.)	11.92	14.75	11.93	14.76
Diluted Earnings Per Share # (Rs.)	11.83	14.62	11.84	14.64

# Dilution in Earnings per share is on account of 41,63,582 equity shares (March 31, 2015 : 46,24,289 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

\* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 77.13 Lacs (March 31, 2015 : Rs. 68.37 Lacs).

**29. Loan provisions and write offs**

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis.

The RBI vide its notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision.

**MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED**  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

As on 31st March, 2016, the Company has recognised NPAs based on 4 months overdue norms as against the revised regulatory norms of recognising NPAs at 5 months overdue applicable for the current financial year resulting in an additional provision of Rs. 3,454.79 lacs and income de-recognition of Rs. 2,095.16 Lacs with a consequent impact of Rs. 5,549.96 Lacs on Profit before tax for the year ended 31st March, 2016.

The cumulative additional/accelerated provision made by the Company as on March 31, 2016 is Rs. 73,567.48 Lacs (March 31, 2015: Rs. 53,319.01 Lacs).

- b) In accordance with the Notification No. DNBS.222/CGM (US)-2011 dated January 17, 2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 1,353.00 Lacs (March 31, 2015: Rs. 1,057.00 Lacs).

The total amount of provision on Standard assets of Rs. 14,035.00 Lacs (March 31, 2015: Rs. 12,682.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 5 and 9). The said amount includes additional/accelerated provision of 0.15% for Rs. 5,262.00 Lacs as at March 31, 2016 (March 31, 2015: Rs. 4,757.00 Lacs).

- c) Bad debts and write offs include loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.
- d) In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 32.51 Lacs (March 31, 2015: Rs. 31.87 Lacs) as Higher provisions and Provisions for diminution in fair value on account of restructured advances which are shown separately under Long-term and Short-term provisions in the Balance sheet (refer note no. 5 and 9).

30. Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

31. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

32. In the opinion of the Board, Current assets, Loans and advances are approximately of the value stated if realised in the ordinary course of business.

33. Deposits/advances received against loan agreements are on account of loan against assets, which are repayable/adjusted over the period of the contract.

**34. Employee benefits**

**Defined benefit plans - as per actuarial valuation**

	Rs. in Lacs					
	As at March 31					
	Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave	
	2016	2015	2016	2015	2016	2015
<b>I. Expense recognized in the Statement of Profit &amp; Loss Account for the year ended 31<sup>st</sup></b>						
Current service cost	992.35	834.37	159.91	129.11	1,070.56	993.59
Interest cost	137.72	106.95	17.07	13.49	92.51	76.41
Expected return on plan assets	(150.41)	(122.75)	-	-	-	-
Actuarial (gains)/losses	(503.97)	(326.85)	(90.38)	(99.52)	(816.18)	(662.17)

Rs. in Lacs

	As at March 31					
	Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave	
	2016	2015	2016	2015	2016	2015
Fund amount to be transferred from MBCSPL gratuity fund	-	(56.36)	-	-	-	-
Adjustment due to change in opening balance of Plan assets	-	(98.83)	-	-	-	-
<b>Total expense</b>	<b>475.69</b>	<b>336.53</b>	<b>86.61</b>	<b>43.09</b>	<b>346.88</b>	<b>407.83</b>
<b>II. Net asset/(liability) recognised in the Balance Sheet as at 31<sup>st</sup></b>						
Present value of defined benefit obligation as at 31 <sup>st</sup>	1,944.96	1,558.68	277.25	190.97	1,168.39	1,056.62
Fair value of plan assets as at 31 <sup>st</sup>	1,919.58	1,583.37	-	-	-	-
Funded status (surplus/(deficit))	(25.38)	24.69	(277.25)	(190.97)	(1,168.39)	(1,056.62)
<b>Net asset/(liability) as at 31<sup>st</sup></b>	<b>(25.38)</b>	<b>24.69</b>	<b>(277.25)</b>	<b>(190.97)</b>	<b>(1,168.39)</b>	<b>(1,056.62)</b>
<b>III. Change in the obligations during the year ended 31<sup>st</sup></b>						
Present value of defined benefit obligation at the beginning of the year	1,558.68	1,192.46	190.96	147.88	1,056.62	846.55
Current service cost	992.35	834.37	159.91	129.11	1,067.96	993.59
Transferred to Mahindra Asset Management Company Pvt. Ltd.	-	-	(0.32)	-	-	-
Interest cost	137.72	106.95	17.07	13.49	92.51	76.41
Actuarial (gains)/losses	(654.38)	(449.21)	(90.38)	(99.52)	(816.18)	(662.17)
Benefits paid	(89.41)	(125.89)	-	-	(232.52)	(197.76)
Present value of defined benefit obligation at the year ended 31 <sup>st</sup>	<b>1,944.96</b>	<b>1,558.68</b>	<b>277.25</b>	<b>190.97</b>	<b>1,168.39</b>	<b>1,056.62</b>
<b>IV. Change in the fair value of plan assets during the year ended 31<sup>st</sup></b>						
Fair value of plan assets at the beginning of the year	1,583.37	1,111.98	-	-	-	-
Expected return on plan assets	150.41	122.75	-	-	-	-
Contributions by employer	425.62	442.08	-	-	-	-
Actuarial (Gains)/Losses	(150.41)	(122.75)	-	-	-	-
Fund amount to be transferred from MBCSPL gratuity fund	-	56.36	-	-	-	-
Adjustment due to change in opening balance of Plan assets	-	98.83	-	-	-	-
Actual Benefits paid	(89.41)	(125.89)	-	-	-	-
Fair value of plan assets at the end of the year	<b>1,919.58</b>	<b>1,583.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)**

	Rs. in Lacs					
	As at March 31					
	Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave	
	2016	2015	2016	2015	2016	2015
<b>V. Major category of plan assets as a percentage of total plan</b>						
Funded with LIC	100%	100%	-	-	-	-
<b>VI. Actuarial Assumptions</b>						
Discount Rate (p.a.)	8%	8%	8%	8%	8%	8%
Expected rate of return on plan assets (p.a.)	8%	8%	-	-	-	-
Rate of Salary increase (p.a.)	5%	5%	5%	5%	5%	5%
In-service Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

	Rs. in Lacs				
	As at March 31				
	2016	2015	2014	2013	2012
<b>VII. Experience Adjustments</b>					
Defined benefit obligation at the end of the period	1,944.96	1,558.68	1,192.46	855.07	644.20
Plan assets at the end of period	1,919.58	1,583.37	1,111.98	776.20	484.50
Funded status surplus/(deficit)	25.38	(24.69)	(80.48)	(78.87)	(159.71)
Experience adjustments on plan liabilities (gain)/loss	(211.91)	(154.49)	(77.52)	(66.64)	(73.01)
Experience adjustments on plan assets gain/(loss)	(39.21)	(32.19)	(21.77)	(16.07)	(9.94)

**35. Disclosure on derivatives**

**Outstanding derivative instruments and un-hedged foreign currency exposures as at March 31, 2016**

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US \$ 1,209.88 Lacs (March 31, 2015: US \$ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as at March 31, 2016.

**36. Securitisation/assignment transactions**

- a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 30,940 contracts (March 31, 2015: 27,907 contracts) amounting to Rs. 85,586.85 Lacs (March 31, 2015: Rs. 72,229.92 Lacs) for a consideration of Rs 85,586.85 Lacs (March 31, 2015: Rs. 72,229.92 Lacs) and de-recognised the assets from the books.
- b) Income from assignment/securitization transactions include write back of provision for loss/expenses in respect of matured assignment transactions amounting to Rs 6,756.56 Lacs (March 31, 2015: Rs. 8,807.91 Lacs) considered no longer necessary (refer accounting policy 3 (IV) A (iii)).

c) In terms of the accounting policy stated in 3 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21<sup>st</sup> August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).

d) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment/securitisation transactions amounting to Rs. 12,062.65 Lacs (March 31, 2015: Rs. 11,024.71 Lacs).

37. There were 150 cases (March 31, 2015: 119 cases) of frauds amounting to Rs. 559.99 Lacs (March 31, 2015: Rs 353.81 Lacs) reported during the year. The Company has recovered an amount of Rs. 117.89 Lacs (March 31, 2015: Rs. 107.39 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

38. The gold loans outstanding as a percentage of total assets is at 0.02% (March 31, 2015: 0.02%).

39. During the year, the Company has incurred an expenditure of Rs. 2,791.69 Lacs (March 31, 2015: Rs. 2,374.07 Lacs) towards Corporate Social Responsibility activities which includes contribution/donations made to the trusts which are engaged in activities prescribed under Section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 114.26 Lacs (March 31, 2015: Rs. 113.56 Lacs) towards the CSR activities undertaken by the Company (refer note no. 26).

**40. Related party disclosure as per Accounting Standard 18**

**A) List of the related parties and nature of relationship with our Company during the year:**

<b>Holding Company:</b>	Mahindra and Mahindra Limited
<b>Subsidiary Companies:</b>	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Asset Management Company Private Limited Mahindra Trustee Company Private Limited
<b>Joint Ventures:</b>	Mahindra Finance USA, LLC
<b>Fellow subsidiary Companies:</b>	2 x 2 Logistics Private Limited Mahindra USA, Inc. Mahindra Two Wheelers Limited NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra First Choice Services Ltd. Mahindra Defence Systems Ltd. Mahindra Retail Pvt. Ltd. Mahindra Integrated Business Solutions Ltd. Mahindra Vehicle Manufacturers Ltd.
<b>Key Management Personnel:</b>	Mr. Ramesh Iyer (Managing Director)
<b>Relatives of Key Management Personnel:</b>	Ms Janaki Iyer Ms Ramlaxmi Iyer Mr Risheek Iyer

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

B) Related party transactions are as under:

						Rs. in Lacs
Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	* Key Management Personnel
1	Income					
	Loan income	-	-	64.15	-	-
		-	-	(3.52)	-	-
	Subvention/Disposal loss income	4,049.60	-	-	-	-
		(3,663.07)	-	-	-	-
	Other income	-	2,549.83	3.47	-	-
		(64.21)	(2,225.08)	-	-	-
2	Expenses	-	-	-	-	-
	Interest	126.12	1,363.13	-	-	20.12
		-	(972.19)	-	-	(20.11)
	Other expenses	1,777.74	2,389.54	602.83	-	-
		(1,494.18)	(1,685.59)	(430.81)	-	-
	Remuneration to KMP's	-	-	-	-	436.13
		-	-	-	-	(645.48)
3	Investment in share capital	-	9,457.22	-	4,530.32	-
		-	(2,295.00)	-	(2,193.73)	-
4	Purchase of fixed assets	254.81	-	30.97	-	-
		(413.60)	-	-	-	-
5	Sale of fixed assets	-	11.35	-	-	-
		-	-	-	-	-
6	Finance					
	Fixed deposits taken	-	3,750.00	-	-	18.94
		-	(7,065.00)	-	-	(202.90)
	Fixed deposits matured	-	125.00	-	-	21.67
		-	-	-	-	(188.25)
	Dividend paid for previous year	11,648.31	-	-	-	23.85
		(11,065.89)	-	-	-	(23.71)
	Inter corporate deposits taken	-	7,500.00	-	-	-
		(30,000.00)	(1,475.00)	-	-	-
	Inter corporate deposits repaid	-	8,150.00	-	-	-
		-	(4,240.00)	-	-	-
	Inter corporate deposits given	-	-	-	-	-
		-	(69,107.00)	-	-	-
	Inter corporate deposits refunded	-	-	-	-	-
		-	(64,974.39)	-	-	-
7	Other transactions					
	Reimbursement from parties	-	-	-	-	-
		-	(0.02)	-	-	-
	Reimbursement to parties	-	-	153.08	-	-
		-	-	(119.72)	-	-
8	Balances as at the end of the period					
	Receivables	315.06	66.57	127.42	-	-
		(1,245.02)	(85.12)	-	-	-
	Loan given (including interest accrued but not due)	-	-	1,870.04	-	-
		-	-	(43.29)	-	-
	Inter corporate deposits given (including interest accrued but not due)	-	5,189.14	-	-	-
		-	(4,747.90)	-	-	-
	Payables	-	692.74	218.94	-	-
		-	(455.13)	(157.98)	-	-
	Subordinate debt held (including interest accrued but not due)	-	700.76	-	-	-
		-	(700.76)	-	-	-
	Inter corporate deposits taken (including interest accrued but not due)	30,113.51	936.04	-	-	-
		-	(1,617.69)	-	-	-
	Fixed deposits (including interest accrued but not due)	-	15,143.45	-	-	226.54
		-	(10,426.55)	-	-	(231.80)

Notes:

# Figures in bracket represent corresponding figures of previous year.

\* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

C) The significant related party transactions are as under:

Nature of transactions		Holding Company	Subsidiary Companies	Rs. in Lacs	
				Fellow subsidiary Companies	* Key Management Personnel
<b>Income</b>					
<b><u>Revenue from operations</u></b>					
Subvention/Disposal loss income	Mahindra & Mahindra Limited	4,049.60	-	-	-
		(3,663.07)	-	-	-
Loan income	2 x 2 Logistics Pvt. Ltd.	-	-	62.08	-
		-	-	-	-
<b><u>Other income</u></b>					
Interest income on inter corporate deposits/subordinate debt	Mahindra Rural Housing Finance Limited	-	567.27	-	-
		-	(602.73)	-	-
Income from shared services	Mahindra Insurance Brokers Limited	-	149.78	-	-
		-	(135.60)	-	-
Income from shared services	Mahindra Rural Housing Finance Limited	-	454.75	-	-
		-	(404.09)	-	-
Dividend income	Mahindra Rural Housing Finance Limited	-	747.76	-	-
		-	(536.36)	-	-
Dividend income	Mahindra Insurance Brokers Limited	-	273.84	-	-
		-	(219.07)	-	-
ESOP compensation recovered	Mahindra Rural Housing Finance Limited	-	200.07	-	-
		-	(76.99)	-	-
ESOP compensation recovered	Mahindra Insurance Brokers Limited	-	113.98	-	-
		-	(146.31)	-	-
<b>Expenses</b>					
<b><u>Interest</u></b>					
Interest expense on inter corporate deposits and non-convertible debentures	Mahindra Insurance Brokers Limited	-	1,363.13	-	-
		-	(972.19)	-	-
<b><u>Other expenses</u></b>					
Rent	Mahindra & Mahindra Limited	1,267.00	-	-	-
		(951.24)	-	-	-
Handling Charges	Mahindra Insurance Brokers Limited	-	2,389.54	-	-
		-	(1,685.59)	-	-
Commission & Valuation charges	Mahindra First Choice Wheels Limited	-	-	526.94	-
		-	-	(417.19)	-
Investment in Share Capital	Mahindra Rural Housing Finance Limited	-	3,497.22	-	-
		-	(2,190.00)	-	-
Investment in Share Capital	Mahindra Asset Management Co Pvt. Ltd.	-	5,950.00	-	-
		-	(100.00)	-	-
Purchase of fixed assets	Mahindra & Mahindra Limited	254.81	-	-	-
		(413.60)	-	-	-
Purchase of fixed assets	NBS International	-	-	30.97	-
		-	-	-	-
Sale of fixed assets	Mahindra Asset Management Co Pvt. Ltd.	-	11.35	-	-
		-	-	-	-

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Nature of transactions		Rs. in Lacs			
		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	* Key Management Personnel
<b>Finance</b>					
Fixed Deposits	Mahindra Insurance Brokers Limited	-	3,750.00	-	-
		-	(7,065.00)	-	-
Fixed deposits matured	Ramesh Iyer and relatives	-	-	-	21.67
		-	-	-	(188.25)
Fixed deposits matured	Mahindra Insurance Brokers Limited	-	125.00	-	-
		-	-	-	-
Dividend paid - for previous year	Mahindra & Mahindra Limited	11,648.31	-	-	-
		(11,065.89)	-	-	-
Inter corporate deposits taken	Mahindra Insurance Brokers Limited	-	7,500.00	-	-
		-	(1,475.00)	-	-
Inter corporate deposits taken	Mahindra & Mahindra Limited	30,000.00	-	-	-
		-	-	-	-
Inter corporate deposits repaid	Mahindra Insurance Brokers Limited	-	8,150.00	-	-
		-	(4,240.00)	-	-
<b>Balances at the year end</b>					
Receivables	Mahindra & Mahindra Limited	315.06	-	-	-
		(1,245.02)	-	-	-
Receivables	Mahindra Rural Housing Finance Limited	-	66.57	-	-
		-	(59.41)	-	-
Receivables	NBS International	-	-	127.42	-
		-	-	-	-
Loan outstanding	2 x 2 Logistics Pvt. Ltd.	-	-	1,865.14	-
		-	-	-	-
Payables	Mahindra Insurance Brokers Limited	-	692.74	-	-
		-	(455.13)	-	-
Payables	Mahindra First Choice Wheels Limited	-	-	155.44	-
		-	-	(114.87)	-
Inter corporate deposits taken (including interest accrued but not due)	Mahindra Insurance Brokers Limited	-	936.04	-	-
		-	(1,617.69)	-	-
Inter corporate deposits taken (including interest accrued but not due)	Mahindra & Mahindra Limited	30,113.51	-	-	-
		-	-	-	-
Inter corporate deposits given (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	-	5,189.14	-	-
		-	(4,747.90)	-	-
Subordinate debt held (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	-	700.76	-	-
		-	(700.76)	-	-
Fixed deposits	Mahindra Insurance Brokers Limited	-	15,143.45	-	-
		-	(10,426.55)	-	-

Figures in bracket represent corresponding figures of previous year.

\* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.



MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

d) Disclosure required under Section 186 (4) of the Companies Act, 2013

**As at March 31, 2016**

Particulars	Relation	Rs. in Lacs			
		Balance as on April 1, 2015	Advances/ investments	Repayments/ sale	Balance as on March 31, 2016
<b>(A) Loans and advances</b>					
Mahindra Rural Housing Finance Ltd.	Subsidiary	4,656.50	–	–	4,656.50
Mahindra Retail Pvt. Ltd.	Fellow subsidiary	30.08	–	25.18	4.90
2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	13.21	1,952.93	101.00	1,865.14
		<b>4,699.79</b>	<b>1,952.93</b>	<b>126.18</b>	<b>6,526.54</b>
<b>(B) Unsecured redeemable non-convertible subordinate debentures</b>					
Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	–	–	700.00
		<b>700.00</b>	<b>–</b>	<b>–</b>	<b>700.00</b>
<b>(C) Investments</b>					
Mahindra Insurance Brokers Ltd.	Subsidiary	47.98	–	–	47.98
Mahindra Rural Housing Finance Ltd.	Subsidiary	8,380.00	3,497.22	–	11,877.22
Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	105.00	5,950.00	–	6,055.00
Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	5.00	10.00	–	15.00
Mahindra Finance USA, LLC	Joint Venture	10,787.01	4,530.31	–	15,317.32
		<b>19,324.99</b>	<b>13,987.53</b>	<b>–</b>	<b>33,312.52</b>
<b>Total</b>		<b>24,724.78</b>	<b>15,940.46</b>	<b>126.18</b>	<b>40,539.06</b>

Notes:

- i) Above loans & advances and investments have been given for general business purposes.
- ii) There were no guarantees given/securities provided during the year.

**As at March 31, 2015**

Particulars	Relation	Rs. in Lacs			
		Balance as on April 1, 2014	Advances/ investments	Repayments/ sale	Balance as on March 31, 2015
<b>(A) Loans and advances</b>					
Mahindra Rural Housing Finance Ltd.	Subsidiary	523.88	69,107.00	64,974.39	4,656.50
Mahindra Business and Consulting Services Pvt. Ltd.	Subsidiary	837.72	456.45	1,294.17	–
Mahindra Retail Pvt. Ltd.	Fellow subsidiary	36.11	–	6.03	30.08
2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	–	13.58	0.37	13.21
		<b>1,397.72</b>	<b>69,577.03</b>	<b>66,274.96</b>	<b>4,699.79</b>
<b>(B) Unsecured redeemable non-convertible subordinate debentures</b>					
Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	–	–	700.00
		<b>700.00</b>	<b>–</b>	<b>–</b>	<b>700.00</b>
<b>(C) Investments</b>					
Mahindra Insurance Brokers Ltd.	Subsidiary	47.98	–	–	47.98
Mahindra Rural Housing Finance Ltd.	Subsidiary	6,190.00	2,190.00	–	8,380.00
Mahindra Business and Consulting Services Pvt. Ltd.#	Wholly owned Subsidiary	1.00	–	1.00	–
Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	5.00	100.00	–	105.00
Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	–	5.00	–	5.00
Mahindra Finance USA, LLC	Joint Venture	7,788.05	2,998.96	–	10,787.01
		<b>14,032.03</b>	<b>5,293.96</b>	<b>1.00</b>	<b>19,324.99</b>
<b>Total</b>		<b>16,129.75</b>	<b>74,870.99</b>	<b>66,275.96</b>	<b>24,724.78</b>

# Investment held by the Company now merged with the Company effective from April 1, 2014.

Notes:

- i) Above loans & advances and investments have been given for general business purposes.
- ii) There were no guarantees given/securities provided during the year.

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

41. Contingent liabilities and commitments (to the extent not provided for)

	Rs. in Lacs	
	As at March 31	
	2016	2015
<b>i) Contingent liabilities</b>		
a) Demand against the Company not acknowledged as debts -		
- Income tax	3,835.66	4,379.05
- Value Added Tax (VAT)	191.98	191.98
- Service tax	5,283.34	-
b) Corporate guarantees towards assignment transactions	15,331.13	31,338.63
c) Credit enhancement in terms of corporate guarantee for Securitization transactions (refer note no. 49 (IV))	17,196.42	8,307.81
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	3,373.92	3,110.83
	<u>45,212.45</u>	<u>47,328.30</u>
<b>ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account	274.82	554.84
	<u>274.82</u>	<u>554.84</u>
<b>Total</b>	<u><b>45,487.27</b></u>	<u><b>47,883.14</b></u>

42. Changes in provisions

	Rs. in Lacs			
	As at April 1, 2015	Additional Provisions	Utilizations/ Reversals	As at March 31, 2016
Provision for Standard assets	12,682.00	1,353.00	-	14,035.00
Provision for Non-performing assets	96,617.08	91,439.33	38,843.23	1,49,213.18

43. Disclosure of trade payables to Micro, Small and Medium Enterprises under Current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount outstanding as on March 31, 2016 to Micro, Small and Medium Enterprises on account of principle amount aggregate to Rs. Nil (March 31, 2015: Rs. Nil) [including overdue amount of Rs. Nil (March 31, 2015: Rs. Nil)] and interest due thereon is Rs. Nil (March 31, 2015: Rs. Nil) and interest paid during the year Rs. Nil (March 31, 2015: Rs. Nil).

44. Secured long-term borrowings

i) Secured non-convertible debentures

Particulars	Rs. in Lacs			
	As at March 31 2016			
	Rate range	(a) Non-current	(b) Current Maturities	Total
<b>Repayable on maturity:</b>				
Maturing beyond 5 years	8.70% - 9.00%	1,89,200.00	-	1,89,200.00
Maturing between 3 years to 5 years	8.48% - 9.45%	2,01,950.00	-	2,01,950.00
Maturing between 1 year to 3 years	8.48% - 10.25%	3,39,240.00	-	3,39,240.00
Maturing within 1 year	8.57% - 10.20%	-	2,34,470.00	2,34,470.00
<b>Total</b>		<u><b>7,30,390.00</b></u>	<u><b>2,34,470.00</b></u>	<u><b>9,64,860.00</b></u>

Particulars	Rs. in Lacs			
	As at March 31 2015			
	Rate range	(a) Non-current	(b) Current Maturities	Total
<b>Repayable on maturity:</b>				
Maturing beyond 5 years	8.70% - 8.95%	53,000.00	-	53,000.00
Maturing between 3 years to 5 years	8.65% - 10.25%	1,22,760.00	-	1,22,760.00
Maturing between 1 year to 3 years	8.65% - 10.20%	1,81,280.00	-	1,81,280.00
Maturing within 1 year	8.60% - 9.95%	-	1,52,270.00	1,52,270.00
<b>Total</b>		<u><b>3,57,040.00</b></u>	<u><b>1,52,270.00</b></u>	<u><b>5,09,310.00</b></u>

ii) Secured term loans from banks

Particulars	Rs. in Lacs			
	As at March 31 2016			
	Rate range	(a) Non-current	(b) Current Maturities	Total
<b>1) Repayable on maturity:</b>				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	-	-	-	-
Maturing between 1 year to 3 years	9.65% - 9.75%	35,000.00	-	35,000.00
Maturing within 1 year	9.50% - 9.95%	-	1,27,500.00	1,27,500.00
<b>Total for repayable on maturity</b>		<u><b>35,000.00</b></u>	<u><b>1,27,500.00</b></u>	<u><b>1,62,500.00</b></u>
<b>2) Repayable in installments:</b>				
<b>i) Quarterly</b>				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.30%	15,892.86	-	15,892.86
Maturing between 1 year to 3 years	9.30% - 9.65%	1,00,714.29	-	1,00,714.29
Maturing within 1 year	9.30% - 9.70%	-	61,907.14	61,907.14
<b>Total</b>		<u><b>1,16,607.14</b></u>	<u><b>61,907.14</b></u>	<u><b>1,78,514.29</b></u>
<b>ii) Half yearly</b>				
Maturing beyond 3 years to 5 years	9.45%	50,000.00	-	50,000.00
Maturing between 1 year to 3 years	9.65% - 9.75%	1,06,000.00	-	1,06,000.00
Maturing within 1 year	9.65% - 9.75%	-	1,07,000.00	1,07,000.00
<b>Total</b>		<u><b>1,56,000.00</b></u>	<u><b>1,07,000.00</b></u>	<u><b>2,63,000.00</b></u>
<b>iii) Yearly</b>				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.65% - 9.70%	75,833.33	-	75,833.33
Maturing between 1 year to 3 years	9.35% - 9.70%	1,50,833.33	-	1,50,833.33
Maturing within 1 year	9.65% - 9.70%	-	45,833.33	45,833.33
<b>Total</b>		<u><b>2,26,666.67</b></u>	<u><b>45,833.33</b></u>	<u><b>2,72,500.00</b></u>
<b>Total for repayable in installments</b>		<u><b>4,99,273.81</b></u>	<u><b>2,14,740.48</b></u>	<u><b>7,14,014.29</b></u>
<b>Total (1+2)</b>		<u><b>5,34,273.81</b></u>	<u><b>3,42,240.48</b></u>	<u><b>8,76,514.29</b></u>

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Rs. in Lacs				
As at March 31 2015				
	Rate range	(a) Non-current	(b) Current Maturities	Total
<b>1) Repayable on maturity:</b>				
Maturing between 1 year to 3 years	9.70% – 10.25%	1,92,500.00	–	1,92,500.00
Maturing within 1 year	9.45% – 10.40%	–	1,27,000.00	1,27,000.00
<b>Total for repayable on maturity</b>		<b>1,92,500.00</b>	<b>1,27,000.00</b>	<b>3,19,500.00</b>
<b>2) Repayable in installments:</b>				
<b>i) Bimonthly</b>				
Maturing within 1 year	10.25%	–	6,200.00	6,200.00
<b>Total</b>		<b>–</b>	<b>6,200.00</b>	<b>6,200.00</b>
<b>ii) Quarterly</b>				
Maturing between 3 years to 5 years	10.00%	1,428.57	–	1,428.57
Maturing between 1 year to 3 years	9.95% – 10.25%	95,835.71	–	95,835.71
Maturing within 1 year	9.95% – 10.25%	–	32,364.29	32,364.29
<b>Total</b>		<b>97,264.29</b>	<b>32,364.29</b>	<b>1,29,628.57</b>
<b>iii) Half yearly</b>				
Maturing beyond 3 years	10.25%	15,000.00	–	15,000.00
Maturing between 1 year to 3 years	10.00% – 10.25%	2,14,666.67	–	2,14,666.67
Maturing within 1 year	10.00% – 10.25%	–	1,62,666.67	1,62,666.67
<b>Total</b>		<b>2,29,666.67</b>	<b>1,62,666.67</b>	<b>3,92,333.33</b>
<b>iv) Yearly</b>				
Maturing between 3 years to 5 years	10.20% – 10.25%	43,333.33	–	43,333.33
Maturing between 1 year to 3 years	10.20% – 10.25%	1,04,166.67	–	1,04,166.67
Maturing within 1 year	10.25%	–	7,500.00	7,500.00
<b>Total</b>		<b>1,47,500.00</b>	<b>7,500.00</b>	<b>1,55,000.00</b>
<b>Total for repayable in installments</b>		<b>4,74,430.95</b>	<b>2,08,730.95</b>	<b>6,83,161.90</b>
<b>Total (1 + 2)</b>		<b>6,66,930.95</b>	<b>3,35,730.95</b>	<b>10,02,661.90</b>

**iii) Foreign currency loans from banks**

Rs. in Lacs				
As at March 31 2016				
Particulars	Rate range	(a) Non-current	(b) Current Maturities	Total
<b>Repayable on maturity</b>				
Maturing between 1 year to 3 years	8.69% – 9.97%	53,227.83	–	53,227.83
Maturing within 1 year	9.16% – 9.33%	–	26,932.51	26,932.51
<b>Total</b>		<b>53,227.83</b>	<b>26,932.51</b>	<b>80,160.34</b>

Rs. in Lacs				
As at March 31 2015				
	Rate range	(a) Non-current	(b) Current Maturities	Total
<b>Repayable on maturity:</b>				
Maturing between 1 year to 3 years	8.95%	12,500.00	–	12,500.00
Maturing within 1 year	9.05% – 9.98%	–	42,044.47	42,044.47
<b>Total</b>		<b>12,500.00</b>	<b>42,044.47</b>	<b>54,544.47</b>

**45. Unsecured borrowings**

**i) Subordinated debts (long-term)**

Rs. in Lacs				
As at March 31 2016				
	Rate range	(a) Non-current	(b) Current Maturities	Total
<b>Repayable on maturity:</b>				
Maturing beyond 5 years	8.90% – 10.50%	68,830.00	–	68,830.00
Maturing between 3 years to 5 years	9.50% – 10.02%	41,720.00	–	41,720.00
Maturing between 1 year to 3 years	10.50% – 12.00%	7,860.00	–	7,860.00
<b>Total</b>		<b>1,18,410.00</b>	<b>–</b>	<b>1,18,410.00</b>

Rs. in Lacs				
As at March 31 2015				
	Rate range	(a) Non-current	(b) Current Maturities	Total
<b>Repayable on maturity:</b>				
Maturing beyond 5 years	9.18% – 10.50%	78,550.00	–	78,550.00
Maturing between 3 years to 5 years	9.85% – 11.75%	15,480.00	–	15,480.00
Maturing between 1 year to 3 years	10.50% – 12.00%	6,880.00	–	6,880.00
<b>Total</b>		<b>1,00,910.00</b>	<b>–</b>	<b>1,00,910.00</b>

**ii) Unsecured term loans from banks**

Rs. in Lacs				
As at March 31 2016				
	Rate range	(a) Non-current	(b) Current	Total
<b>Repayable on maturity:</b>				
Maturing within 1 year	10.00%	–	10,000.00	10,000.00
<b>Total</b>		<b>–</b>	<b>10,000.00</b>	<b>10,000.00</b>

Rs. in Lacs				
As at March 31 2015				
	Rate range	(a) Non-current	(b) Current	Total
<b>Repayable on maturity:</b>				
Maturing between 1 year to 3 years	10%	10,000.00	–	10,000.00
<b>Total</b>		<b>10,000.00</b>	<b>–</b>	<b>10,000.00</b>

**iii) Inter-corporate deposits (ICDs)**

As at March 31, 2016

Rs. in Lacs					
Long-Term					
	Rate range	(a) Short-Term	(b) Non-current	(c) Current Maturities	Total
<b>Repayable on maturity:</b>					
Maturing within 1 year	8.45% – 9.05%	30,925.00	–	–	30,925.00
<b>Total</b>		<b>30,925.00</b>	<b>–</b>	<b>–</b>	<b>30,925.00</b>

As at March 31, 2015

Rs. in Lacs					
Long-Term					
	Rate range	(a) Short-Term	(b) Non-current	(c) Current Maturities	Total
<b>Repayable on maturity:</b>					
Maturing within 1 year	9.00% – 9.60%	850.00	–	725.00	1,575.00
<b>Total</b>		<b>850.00</b>	<b>–</b>	<b>725.00</b>	<b>1,575.00</b>

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

iv) Fixed deposits  
As at March 31, 2016

Rs. in Lacs					
Long-term					
Rate range	(a) Short-Term	(b) Non-current	(c) Current Maturities	Total	
a) Maturing beyond 3 years	8.20% – 10.10%	–	15,832.63	–	15,832.63
b) Maturing between 1 year to 3 years	8.20% – 10.60%	–	281,033.37	–	281,033.37
c) Maturing within 1 year	7.90% – 10.60%	17,829.68	–	163,730.66	181,560.34
<b>Total</b>	<b>17,829.68</b>	<b>296,866.01</b>	<b>163,730.66</b>		<b>4,78,426.35</b>

As at March 31, 2015

Rs. in Lacs					
Long-term					
Rate range	(a) Short-Term	(b) Non-current	(c) Current Maturities	Total	
Maturing beyond 3 years	8.90% – 10.10%	–	6,561.15	–	6,561.15
Maturing between 1 year to 3 years	9.15% – 10.60%	–	3,24,772.68	–	3,24,772.68
Maturing within 1 year	8.40% – 10.75%	6,943.06	–	1,29,746.50	1,36,689.56
<b>Total</b>	<b>6,943.06</b>	<b>3,31,333.83</b>	<b>1,29,746.50</b>		<b>4,68,023.39</b>

46. Short – term borrowings

i) Secured term loans from banks and cash credit facilities

Rs. in Lacs		
As at March 31, 2016		
Rate range	Amount	
Repayable on maturity: Maturing within 1 year	9.50% – 12.15%	1,09,934.60
<b>Total</b>		<b>1,09,934.60</b>

Rs. in Lacs		
As at March 31, 2015		
Rate range	Amount	
Repayable on maturity: Maturing within 1 year	9.60% – 14.00%	1,31,805.33
<b>Total</b>		<b>1,31,805.33</b>

ii) Commercial papers

Rs. in Lacs		
As at March 31, 2016		
Particulars	Rate range	Current
Repayable on maturity: Maturing within 1 year	8.09% – 9.20%	2,76,000.00
<b>Total</b>		<b>2,76,000.00</b>

Rs. in Lacs		
As at March 31, 2015		
Particulars	Rate range	Current
Repayable on maturity: Maturing within 1 year	8.88% – 9.15%	3,47,500.00
<b>Total</b>		<b>3,47,500.00</b>

47. Managerial remuneration to Directors included in the Statement of Profit and Loss

Rs. in Lacs		
Year ended March 31		
	2016	2015
Salary and perquisites	564.08	583.22
Sitting fees and commission	294.55	214.62
<b>Total</b>	<b>858.63</b>	<b>797.84</b>

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available.

48. Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Rs. in Lacs				
Liabilities side	As at March 31, 2016		As at March 31, 2015	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue

<b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>				
(a) Debentures: Secured	10,12,166.76	–	5,31,521.57	–
: Unsecured (other than falling within the meaning of public deposits)	–	–	–	–
(b) Deferred Credits	–	–	–	–
(c) Term Loans	9,15,559.66	–	10,86,150.23	–
(d) Inter-corporate loans and Other Borrowings	31,049.56	–	1,617.69	–
(e) Commercial Paper	2,76,000.00	–	3,47,500.00	–
(f) Public Deposits	4,66,215.66	–	4,60,702.68	–
(g) Fixed Deposits accepted from Corporates	47,460.23	–	38,501.41	–
(h) FCNR Loans	80,287.64	–	54,741.36	–
(i) Subordinate debt	1,24,089.84	–	1,05,738.99	–
(j) Other Short-Term Loans and credit facilities from banks	81,834.60	–	59,105.33	–
<b>(2) Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>				
(a) In the form of Unsecured debentures	–	–	–	–
(b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	–	–	–	–
(c) Other public deposits	4,66,215.66	–	4,60,702.68	–

Rs. in Lacs				
As at March 31				
Asset side:	2016		2015	
	Amount Outstanding	Amount Outstanding	Amount Outstanding	Amount Outstanding

<b>(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below ]:</b>				
(a) Secured	47,914.91	–	36,273.34	–
(b) Unsecured	1,68,719.44	–	1,44,202.13	–
<b>(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities:</b>				
<b>(i) Lease assets including lease rentals under sundry debtors:</b>				
(a) Financial lease	–	–	–	–
(b) Operating lease	–	–	–	–

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Asset side:	Rs. in Lacs					
	As at March 31					
	2016		2015			
	Amount Outstanding	Amount Outstanding	Amount Outstanding			
(ii) Stock on hire including hire charges under sundry debtors:						
(a) Assets on hire	-	-	-			
(b) Repossessed Assets	-	-	-			
(iii) Other loans counting towards AFC activities:						
(a) Loans where assets have been repossessed	5,951.34	7,860.00				
(b) Loans other than (a) above	32,83,048.61	30,01,425.74				
<b>(5) Break-up of Investments:</b>						
<b>Current Investments:</b>						
1. Quoted:						
(i) Shares:						
(a) Equity	-	-	-			
(b) Preference	-	-	-			
(ii) Debentures and Bonds	9,279.17	7,875.00				
(iii) Units of mutual funds	-	-	-			
(iv) Government Securities	-	-	-			
(v) Investments in Certificate of Deposits with Banks	-	-	-			
2. Unquoted:						
(i) Shares:						
(a) Equity	-	-	-			
(b) Preference	-	-	-			
(ii) Debentures and Bonds	-	-	-			
(iii) Units of mutual funds	-	-	-			
(iv) Government Securities	-	-	-			
(v) Certificate of Deposits with Banks	24,821.5	-	-			
(vi) Commercial Papers	15,000.00	1,500.00				
<b>Long Term Investments:</b>						
1. Quoted:						
(i) Shares:						
(a) Equity	-	-	-			
(b) Preference	-	-	-			
(ii) Debentures and Bonds	2,000.01	5,354.17				
(iii) Units of mutual funds	-	-	-			
(iv) Government Securities	63,220.81	50,612.79				
2. Unquoted:						
(i) Shares:						
(a) Equity	33,312.57	19,325.04				
(b) Preference	-	-	-			
(ii) Debentures and Bonds	700.00	700.00				
(iii) Units of mutual funds	-	-	-			
(iv) Government Securities	-	-	-			
<b>6 Borrower group-wise classification of assets financed as in (3) and (4) above:</b>						
Category	Rs. in Lacs					
	As at March 31, 2016			As at March 31, 2015		
	Amount net of provisions		Total	Amount net of provisions		Total
Secured	Unsecured	Secured		Unsecured		
1. Related Parties						
(a) Subsidiaries	-	5,189.14	5,189.14	-	4,747.90	4,747.90
(b) Companies in the same group	1,870.04	-	1,870.04	43.29	-	43.29
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	33,35,044.82	1,63,530.3	34,98,575.12	30,45,515.79	1,39,454.23	31,84,970.02
<b>Total</b>	<b>33,36,914.86</b>	<b>1,68,719.44</b>	<b>35,05,634.3</b>	<b>30,45,559.08</b>	<b>1,44,202.13</b>	<b>31,89,761.21</b>

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Rs. in Lacs			
	As at March 31, 2016		As at March 31, 2015	
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	18,695.2	18,695.2	9,237.98	9,237.98
(b) Companies in the same group	15,317.37	15,317.37	10,787.06	10,787.06
(c) Other related parties	-	-	-	-
2. Other than related parties	1,17,028.83	1,14,321.49	68,291.61	65,341.96
<b>Total</b>	<b>1,51,041.40</b>	<b>1,48,334.06</b>	<b>88,316.65</b>	<b>85,367.00</b>

(8) Other information

	As at March 31	
	2016	2015
	Amount	Amount
(i) Gross Non-Performing Assets:		
(a) Related parties	-	-
(b) Other than related parties	3,22,416.98	2,09,972.20
(ii) Net Non-Performing Assets:		
(a) Related parties	-	-
(b) Other than related parties	1,23,511.37	81,820.64
(iii) Assets acquired in satisfaction of debt	-	-

49. Disclosures as required under Revised Regulatory Framework for NBFCs (Notification No. DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014)

I) Capital

Particulars	As at March 31	
	2016	2015
(i) CRAR (%)	17.3%	18.3%
(ii) CRAR-Tier I Capital (%)	14.6%	15.5%
(iii) CRAR-Tier II Capital (%)	2.7%	2.8%
(iv) Amount of subordinated debt raised as Tier-II capital (Rs. in Lacs)	17,500.00	21,500.00
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

II) Investments

Particulars	Rs. in Lacs	
	As at March 31	
	2016	2015
<b>1) Value of Investments</b>		
(i) Gross Value of Investments		
(a) In India	1,33,016.74	74,579.99
(b) Outside India	15,317.32	10,787.01
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	1,33,016.74	74,579.99
(b) Outside India	15,317.32	10,787.01
<b>2) Movement of provisions held towards depreciation on investments.</b>		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

III) Derivatives

a) Forward Rate Agreement/Interest Rate Swap

The Company is not carrying out any activity of providing Forward/Interest rate swap cover to third parties.

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

- i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outlines any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, market risk, operational risk, basis risk etc.
- ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transactions entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.
- iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) FCNR(B) Loans Availed:

Sr. No.	Particulars	Rs. in Lacs			
		As at March 31, 2016		As at March 31, 2015	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	78,987.00		53,592.00	
	For hedging				
(ii)	Marked to Market Positions [1]				
	(a) Asset (+) Estimated gain	1,657.21	–	823.53	–
	(b) Liability (-) Estimated loss	–	(105.80)	(369.90)	(216.27)
(iii)	Credit Exposure [2]	–	–	–	–
(iv)	Unhedged Exposures	–	–	–	–

IV) Disclosures relating to Securitisation

- a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no. DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Sr. No.	Particulars	Rs. in Lacs	
		As at March 31	
		2016	2015
1	No of SPVs sponsored by the NBFC for securitisation transactions	16	12
2	Total amount of securitised assets as per books of the SPVs sponsored	1,36,825.69	1,54,321.26
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss- Credit enhancement in form of corporate undertaking	17,196.42	8,307.81
	Others	–	–
	b) On-balance sheet exposures		
	First loss- Cash collateral term deposits with banks	20,038.00	20,085.00
	Others- Retained interest in pass through certificates (excluding accrued interest)	472.12	1,242.81
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	–	–
	Loss	–	–
	(ii) Exposure to third party securitisations		
	First loss	–	–
	Others		
	Excess Interest Spread	27,856.85	27,176.87
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	–	–
	Others- Cash collateral term deposits with banks	1,856.00	2,000.00
	(ii) Exposure to third party securitisations		
	First loss	–	–
	Others	–	–

b) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

During the current year and the previous year the Company has not sold any financial assets to Securitisation/Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs (During the year)

		Rs. in Lacs	
		Year ended March 31	
		2016	2015
(i)	No. of accounts	–	–
(ii)	Aggregate value (net of provisions) of accounts sold	–	–
(iii)	Aggregate consideration	–	–
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	–	–
(v)	Aggregate gain/loss over net book value	–	–

d) Details of non-performing financial assets purchased/sold

i) Details of non-performing financial assets purchased:

During the current year and the previous year the Company has not purchased any non-performing financial assets.

ii) Details of Non-performing financial assets sold:

During the current year and the previous year the Company has not sold any non-performing financial assets.

**V) Exposures**

**a) Exposure to Real Estate Sector**

During the current year and the previous year the Company has no exposure to Real estate sector.

**b) Exposure to Capital Market**

During the current year and the previous year the Company has no exposure to Capital Market.

**c) Details of financing of parent company products**

Of the total financing activity undertaken by the Company during the financial year 2015-16, 45% (March 31, 2015: 48%) of the financing was towards parent company products.

**d) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC**

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

**e) Unsecured Advances**

During the current year, the Company has granted unsecured advances of Rs. 1,67,916.29 Lacs (March 31, 2015: Rs. 1,42,013.49 Lacs).

**VI) Miscellaneous**

**a) Registration obtained from other financial sector regulators**

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

**b) Disclosure of Penalties imposed by RBI and other regulators**

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

**c) Related Party Transactions**

(refer note no. 40)

**d) Rating assigned by credit rating agencies and migration of ratings during the year**

**Credit Rating -**

During the year under review, CRISIL Limited [CRISIL], has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Debt and Bank Loans has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited, which is part of Fitch Group, upgraded the rating of Company's National Long-term instrument and Lower Tier II Subordinated Debt programme to 'IND AAA/Stable' from 'IND AA+/Stable'. The 'IND AAA' national ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

During the year under review, CARE Ratings has assigned the 'CARE AAA' rating to Company's Long-term debt instrument and Lower Tier II Subordinated Debt programme. The Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Brickwork Ratings India Private Limited has, during the year, upgraded the rating of the Company's Long-term Subordinated Debt Issue to 'BWR AAA/stable' from "BWR AA+/positive". 'BWR AAA' stands for an instrument that is considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

**VII) Net Profit or Loss for the period, prior period items and changes in accounting policies**

There are no such material items which require disclosures in the Notes to Accounts in terms of the relevant Accounting Standard.

**VIII) Revenue Recognition**

(Refer note no. 3 under Summary of Significant Accounting Policies).

**IX) Accounting Standard 21- Consolidated Financial Statements (CFS)**

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS).

**Additional Disclosures:**

**X) Provisions and Contingencies**

	Rs. in Lacs	
	Year ended March 31	
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2016	2015
Provisions for depreciation on Investment	-	-
Provision towards NPA	52,596.10	33,259.02
Provision made towards Income tax	53,560.00	51,995.00
Other Provision and Contingencies (with details)	-	-
Provision for diminution in the fair value of restructured advances	0.64	9.56
Provision for Standard Assets	1,353.00	1,079.31

**Draw Down from Reserves**

**Year ended March 31 2016: Nil**

**Year ended March 31 2015:**

Refer note no. 24 regarding transitional depreciation of Rs. 317.77 Lacs (net of deferred tax of Rs. 163.62 Lacs) arising pursuant to requirements of schedule II of the Companies Act, 2013 which was charged to opening balance of surplus in Statement of Profit and Loss.

**XI) Concentration of Deposits, Advances, Exposures and NPAs**

**a) Concentration of Deposits (for deposit taking NBFCs)**

	Rs. in Lacs	
	As at March 31	
	2016	2015
Total Deposits of twenty largest depositors	44,718.44	37,130.21
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	8.7%	7.4%

**b) Concentration of Advances**

	Rs. in Lacs	
	As at March 31	
	2016	2015
Total Advances of twenty largest borrowers	80,359.22	37,180.54
Percentage of Advances of twenty largest borrowers to Total Advances of the NBFC	2.2%	1.1%

**c) Concentration of Exposures**

	Rs. in Lacs	
	As at March 31	
	2016	2015
Total Exposure of twenty largest borrowers/customers	80,359.22	37,180.54
Percentage of Exposures of twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	2.2%	1.1%

**d) Concentration of NPAs**

	Rs. in Lacs	
	As at March 31	
	2016	2015
Total Exposure of top four NPA accounts	7,411.47	6,241.67

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED  
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

e) Sector-wise NPAs

Sr. No.	Sector	Rs. in Lacs	
		Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
		As at March 31, 2016	As at March 31, 2015
1	Agriculture & allied activities/Auto	9.2%	6.5%
2	MSME/Corporate borrowers	4.2%	5.6%
3	Unsecured personal loans	10.3%	13.1%
4	Other loans	0.7%	3.4%
5	Services	–	–

f) Movement of NPAs

Particulars	Rs. in Lacs	
	2016	2015
(i) Net NPAs to Net Advances (%)	3.5%	2.6%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	2,09,972.20	1,40,569.12
(b) Additions during the year	2,13,047.58	1,47,895.67
(c) Reductions during the year	1,00,602.80	78,492.59
(d) Closing balance	<b>3,22,416.98</b>	<b>2,09,972.20</b>
(iii) Movement of Net NPAs		
(a) Opening balance	81,820.64	57,564.17
(b) Additions during the year	91,707.63	67,419.23
(c) Reductions during the year	50,016.90	43,162.76
(d) Closing balance	<b>1,23,511.37</b>	<b>81,820.64</b>

Rs. in Lacs

As at/Year ended  
March 31

Particulars	2016	2015
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	96,617.08	63,358.06
(b) Provisions made during the year	91,439.33	61,506.02
(c) Write-off/write-back of excess provisions	38,843.23	28,247.00
(d) Closing balance	<b>1,49,213.18</b>	<b>96,617.08</b>

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Rs. in lacs

Name of the Joint Venture/Subsidiary	Other Partner in the JV	Country	Total Assets as at March 31, 2016	Total Assets as at March 31, 2015
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	2,43,751.58	1,67,299.84

XIII) Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	Domestic	Overseas
	NA	NA

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2016

	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Deposits	15,664.40	18,168.12	15,454.38	46,352.65	85,920.79	2,81,033.37	15,832.63	–	4,78,426.35
Advances	2,84,937.61	1,47,877.40	1,54,020.45	3,80,287.32	6,11,279.67	14,88,932.17	2,94,618.21	2,446.12	33,64,398.95
Reserves and surplus	–	–	–	–	–	–	–	5,97,518.72	5,97,518.72
Investments	14,975.11	–	9,846.39	–	15,000.00	11,202.82	24,568.95	72,740.79	1,48,334.05
Borrowings	92,097.89	1,40,400.00	77,678.57	1,35,712.86	4,69,544.05	8,49,582.22	3,85,396.19	2,58,030.00	24,08,441.78
Foreign Currency Assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	6,567.13	–	7,114.39	13,251.00	53,227.83	–	–	80,160.34

XV) Disclosure of Complaints

Customer Complaints

(a) No. of complaints pending at the beginning of the year	9
(b) No. of complaints received during the year	132
(c) No. of complaints redressed during the year	136
(d) No. of complaints pending at the end of the year	5



**50. Disclosure on restructured standard advances:**

During the previous year, the Company has restructured one of the standard advance accounts resulting in reduction in rate of interest and increase in tenor of the loan. The details of the same are provided here below.

Type of Restructuring		Others				Rs. in Lacs
Sr. No.	Asset Classification	Standard	Substandard	Doubtful	Loss	Total
<b>Details</b>						
1	Restructured Accounts as on April 1 of the FY (opening figures)					
		No. of Borrowers	1	-	-	1
		Amount Outstanding	446.15	-	-	446.15
		Provision thereon #	31.87	-	-	31.87
2	Fresh Restructuring during the year					
		No. of Borrowers				
		Amount Outstanding				
		Provision thereon				
3	Up-gradations to restructured standard category during the FY					
		No. of Borrowers				
		Amount Outstanding				
		Provision thereon				
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of FY and hence need to be shown as restructured standard advances at the beginning of the next FY					
		No. of Borrowers				
		Amount Outstanding				
		Provision thereon				
5	Down gradations of restructured accounts during the FY					
		No. of Borrowers				
		Amount Outstanding				
		Provision thereon				
6	Write-offs of restructured accounts during the FY					
		No. of Borrowers				
		Amount Outstanding				
7	Restructured Accounts as on March 31 of the FY (Closing Figures)					
		No. of Borrowers	1	-	-	1
		Amount Outstanding	446.15	-	-	446.15
		Provision thereon #	32.51	-	-	32.51

Note: Since the disclosure of restructured advance account pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.

# Represents higher provisioning and provision for diminution in fair value of Rs. 22.31 Lacs (March 31, 2015: Rs. 22.31 Lacs) and Rs. 10.20 Lacs (March 31, 2015: Rs. 9.56 Lacs) respectively.

51. Previous year figures have been regrouped/reclassified wherever found necessary.

**Signatures to Significant accounting policies and Notes to the financial statements – I and II**

For **B. K. Khare & Co.**  
Chartered Accountants  
FRN:105102W

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2016

**V Ravi**  
Executive Director &  
Chief Financial Officer

**Arnavaz Pardiwala**  
Company Secretary

**Dhananjay Mungale** Chairman  
**Ramesh Iyer** Vice-Chairman & Managing Director  
**M. G. Bhide** Director  
**Piyush Mankad** Director  
**C.B. Bhavé** Director  
**Rama Bijapurkar** Director  
**V. S. Parthasarathy** Director  
**Dr. Anish Shah** Director

**Form AOC - I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A" : Subsidiaries**

					(Rs. in lacs)
Sr. No.	Particulars	1	2	3	4
1	Name of the subsidiary	Mahindra Insurance Brokers Ltd.	Mahindra Rural Housing Finance Ltd.	Mahindra Asset Management Company Pvt. Ltd.*	Mahindra Trustee Company Pvt. Ltd.*
2	Reporting period for the subsidiary concerned	April 01, 2015 to March 31, 2016	April 01, 2015 to March 31, 2016	April 01, 2015 to March 31, 2016	April 01, 2015 to March 31, 2016
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA
4	Share Capital	257.73	7,572.92	6,055.00	15.00
5	Reserves & Surplus	21,780.06	20,003.78	(451.29)	(7.45)
6	Total Assets	23,743.22	330,123.97	5,723.32	9.04
7	Total Liabilities	23,743.22	330,123.97	5,723.32	9.04
8	Investments	13,390.00	–	5,569.66	–
9	Turnover	14,919.79	49,536.90	–	–
10	Profit before taxation	7,520.42	9,669.64	(445.02)	(4.92)
11	Provision for taxation	2,671.43	3,401.61	–	–
12	Profit after taxation	4,848.59	6,268.03	(445.02)	(4.92)
13	Proposed dividend & tax thereon	465.30	–	–	–
14	% of shareholding	85.00	87.50	100.00	100.00

\* Companies have not started operations

**For B K Khare and Co.**  
**Chartered Accountants**  
**FRN: 105102W**

**Naresh Kumar Kataria**  
**Partner**  
**Membership No. 037825**  
**Mumbai, April 23, 2016**

**Dhananjay Mungale**  
**Chairman**

**Ramesh Iyer**  
**Vice-Chairman & Managing Director**

**M. G. Bhide**  
**Director**

**Piyush Mankad**  
**Director**

**C.B. Bhawe**  
**Director**

**Rama Bijapurkar**  
**Director**

**V. S. Parthasarathy**  
**Director**

**Dr. Anish Shah**  
**Director**

**V Ravi**  
**Executive Director & Chief Financial Officer**  
**Mumbai, April 23, 2016**

**Arnavaz Pardiwala**  
**Company Secretary**

**Part “B” : Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

<b>Name of Associate/Joint Venture</b>	Mahindra Finance USA, LLC
<b>1. Latest audited Balance Sheet Date</b>	March 31, 2016
<b>2. Share of Associates/Joint Ventures held by the Company on the year end</b>	
No.	54933313
Amount of Investment in Associate/Joint Venture (Rs. in lacs)	15,317.32
Extent of Holding %	49.00
<b>3. Description of how there is significant influence</b>	Power to influence decisions
<b>4. Reason why the associate/joint venture is not consolidated</b>	Not Applicable
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet (Rs. in lacs)</b>	22,964.54
<b>6. Profit/Loss for the year</b>	
i. Considered in Consolidation (Rs. in lacs)	1,838.99
ii. Not Considered in Consolidation (Rs. in lacs)	1,914.06

**For B K Khare and Co.**  
Chartered Accountants  
FRN: 105102W

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825  
Mumbai, April 23, 2016

**Dhananjay Mungale**  
Chairman

**Ramesh Iyer**  
Vice-Chairman & Managing Director

**M. G. Bhide**  
Director

**Piyush Mankad**  
Director

**C.B. Bhave**  
Director

**Rama Bijapurkar**  
Director

**V. S. Parthasarathy**  
Director

**Dr. Anish Shah**  
Director

**V Ravi**  
Executive Director & Chief Financial Officer  
Mumbai, April 23, 2016

**Arnavaz Pardiwala**  
Company Secretary

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting their Ninth Report together with the audited Financial Statements of your Company for the year ended 31<sup>st</sup> March, 2016.

**FINANCIAL RESULTS****Amount in Rs. Lacs**

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2016</b>	<b>For the year ended 31<sup>st</sup> March, 2015</b>
Income	<b>49,544.73</b>	32,844.47
Less: Finance Costs	<b>21,332.05</b>	14,112.07
Expenditure	<b>18,199.70</b>	11,725.59
Depreciation and Amortisation Expenses	<b>343.34</b>	275.01
Total Expenses	<b>39,875.09</b>	26,112.67
Profit Before Tax	<b>9,669.64</b>	6,731.80
Less: Provision for Tax		
Current Tax	<b>3,818.00</b>	2,394.00
Income Tax – earlier years	<b>71.90</b>	58.72
Deferred Tax	<b>(488.29)</b>	(138.26)
Profit/(Loss) for the year	<b>6,268.03</b>	4,417.34
Profit/(Loss) brought forward from previous year	<b>3,898.79</b>	2,934.78
Amount available for Appropriation	<b>10,166.82</b>	7,352.12
<b>Appropriations:</b>		
Special Reserve	<b>2,300.00</b>	1,450.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	<b>25.00</b>	25.00
General Reserve	–	222.00
* Proposed dividend on Equity Shares	–	854.58
* Income-tax on proposed dividend	–	173.99
Additional Depreciation charged due to change in the useful life (Companies Act, 2013)	–	21.68
Deferred Tax Liability on Special Reserve	–	706.08
Surplus Carried to Balance Sheet	<b>7,841.82</b>	3,898.79

\* Provision for the dividend on Equity Shares and Income-tax on proposed dividend will be made upon the approval of the proposed dividend by Shareholders at the forthcoming Annual General Meeting. This is in compliance with the Companies (Accounting Standards) Amendment Rules, 2016, issued by the Ministry of Corporate Affairs, vide its Notification No. G.S.R.364 (E) dated 30<sup>th</sup> March, 2016.

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the Financial Year 2015-16 and the date of this Report.

**INDUSTRY OVERVIEW**

A report published by KPMG (“Decoding Housing for All by 2022”), pegs the current shortage of Housing units at 5.9 crore units. Of this, the shortage in rural areas is 4 crore units while the shortage in urban areas is placed at 1.9 crore units. Estimates made by other bodies indicate a similar large shortage of housing units. Recognising this issue, the Government has launched an ambitious program to implement “Housing For All.” The large unmet demand for housing is unlikely to be met without adequate housing finance assistance being extended and this represents an opportunity for your Company. Your Company is uniquely placed to help in addressing this crying social need because of the reach and more importantly the knowledge your Company has acquired about the customer

segment the Company serves. Your Company will continue to focus on serving the underserved rural customers and grow the business. In addition, your Company will now begin focusing on the affordable housing segment in smaller towns as well. The Government’s focus on this segment and the large unmet demand would combine to make this initiative develop into another growth engine for the Company.

**OPERATIONS**

During the year under review, the total income was Rs. 495.45 crores as against Rs. 328.44 crores for the Financial Year 2014-15, registering a growth of 51% over the previous year. Profit before tax was 44% higher at Rs. 96.70 crores as compared to Rs. 67.32 crores for the previous year. Profit after tax was 42% higher at Rs. 62.68 crores as compared to Rs. 44.17 crores for the previous year.

Your Company has disbursed loans aggregating Rs. 1,552.48 crores (previous year Rs. 989.57 crores) achieving a growth of 57% over the previous year. The outstanding loan portfolio

as at 31<sup>st</sup> March, 2016 stood at Rs. 3,264.52 crores. Your Company continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.50 lacs. During the year under review, around 1,25,000 households were given home loans (in addition to around 2,63,000 existing households as on 31<sup>st</sup> March, 2015). Your Company has been expanding its geographical presence to provide affordable services for rural households.

During the year under review, operations were strengthened in the states of Maharashtra, Gujarat, Rajasthan, Tamilnadu, Andhra Pradesh, Kerala, Karnataka, Madhya Pradesh, Uttar Pradesh and Bihar.

#### **TRANSFER TO RESERVES**

The Company proposes to transfer an amount of Rs. 23.25 crores to the Statutory Reserve. No amount is proposed to be transferred to General Reserve and an amount of Rs. 78.42 crores is proposed to be retained in the Statement of Profit and Loss.

#### **DIVIDEND**

Your Directors recommend a dividend of Rs. 1.40 per Equity Share on 7,57,29,181 Equity Shares of the face value of Rs. 10 each, aggregating to Rs. 10.60 crores.

The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose.

The dividend, including dividend distribution tax, surcharge and education cess, will absorb a sum of Rs. 12.76 crores [as against Rs. 10.29 crores (including tax) on account of dividend of Rs. 1.30 per Equity Share, paid for the previous year].

#### **FINANCE**

During the year under review, your Company has been sanctioned Term Loans of Rs. 947 crores from banks for tenures of three to five years.

As on 31<sup>st</sup> March, 2016 the outstanding borrowings from Banks stood at Rs. 1,953.66 crores (of Long Term Loans) and the outstanding borrowings from National Housing Bank cumulatively amounted to Rs. 212.95 crores.

During the year under review, your Company has raised an amount of Rs. 60.00 crores by issue of 600 Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis. The Company has been regular in repayment of its borrowings and payment of interest due thereon. There were no NCDs which have not been claimed by the investors or not paid by the Company after the date on which the NCDs became due for redemption.

#### **LISTING**

During the year under review, your Company's NCDs have been listed on the BSE Limited and the Company has paid the requisite listing fees in full.

#### **CREDIT RATING**

During the year under review, India Ratings & Research Private Limited has reaffirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt

as 'IND AA+' with stable outlook and has assigned 'IND A1+' rating to the Commercial Paper issued by the Company.

Credit Analysis & Research Limited has assigned the 'CARE AA+' Rating to the Company's Non-Convertible Debentures and reaffirmed the rating as 'CARE AA+' to the Subordinated Debt of the Company.

#### **ACHIEVEMENTS**

Your Company won the prestigious Porter Prize Award for 'Industry Architectural Shift' during the year under review. The award recognizes your Company's outstanding performance in the industry and its contribution in re-defining the industry structure by challenging the very basis of competition, creating new business models, challenging the status quo and exploiting change. It is one of the most prestigious awards in the industry given for company strategy.

During the year under review, your Company was recognised by the Ross School of Business' Positive Business Project. The Company was showcased in their handbook of "Positive Business".

#### **SHARE CAPITAL**

During the year under review, 99,92,044 Equity Shares of the face value of Rs. 10 each were allotted to the existing Shareholders of the Company on a Rights basis for cash at a premium of Rs. 30 per Share aggregating to Rs. 39.97 crores. Your Company has duly utilised the issue proceeds to augment its capital base, meet its capital requirements and for other general corporate purposes. Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up Share Capital of the Company stands at Rs. 75.73 crores comprising of 7,57,29,181 Equity Shares of Rs. 10 each fully paid-up.

During the year under review, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise, nor has issued sweat equity. The Company has not formulated any Employees' Stock Option Scheme during the year under review. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on 31<sup>st</sup> March, 2016, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

#### **DEPOSITORY SYSTEM**

Your Company's Equity Shares are available for dematerialisation through National Securities Depository Limited. As on 31<sup>st</sup> March, 2016, 86.81% of the Equity Shares of your Company were held in dematerialised form.

#### **CAPITAL ADEQUACY**

Consequent upon the allotment of Equity Shares on a Rights basis, the paid-up Share Capital of the Company has increased to Rs. 75.73 crores as on 31<sup>st</sup> March, 2016 from Rs. 65.74 crores as on 31<sup>st</sup> March, 2015. The securities premium account has also been credited with Rs. 29.98 crores.

As a result of the increased net worth, the Capital to Risk Assets Ratio (CRAR) of your Company enhanced to 23.65 per cent as on 31<sup>st</sup> March, 2016 which is well above the 12 per cent CRAR prescribed by the National Housing Bank.

## NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company scrupulously adheres to the prudential guidelines for Non-Performing Assets (NPAs) issued by the National Housing Bank under its Housing Finance Companies (NHB) Directions, 2010, as amended from time to time. Your Company has made adequate provision for the assets on which instalments are overdue for more than 90 days and on other assets, as required. Inclusion of Housing Companies with an asset size of Rs. 500 crores and above under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) will give a boost to the recovery efforts and reduce asset quality problems in future.

## INSPECTION BY NATIONAL HOUSING BANK (NHB)

During the Financial Year 2015-16, NHB has carried out the Inspection of your Company for the financial position as at 31<sup>st</sup> March, 2014. NHB had advised the Company to calculate the impact of re-classification of assets based on the date of NPAs as against number of days overdue on Net Owned Funds/CRAR as on 31<sup>st</sup> March, 2014. Accordingly, your Company has re-classified the assets which resulted in the requirement of additional provision of Rs. 11.12 lacs. As mentioned in the Note No. 2.2 to the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2014, your Company has made an additional provision of Rs. 140.91 lacs over and above the norms prescribed by NHB. After considering the re-classification impact of Rs. 11.12 lacs, the additional provision would stand reduced to Rs. 129.79 lacs. Accordingly, there is no impact of the said re-classification on the Net Owned Funds/CRAR as at 31<sup>st</sup> March, 2014.

## INSURANCE PROTECTION TO BORROWERS

Your Company has tied up with Kotak Mahindra Old Mutual Life Insurance Limited and Cholamandalam MS General Insurance Company Limited for insurance of its housing loan products alongwith life insurance called Sampoorna Suraksha Plan which covers the borrowers of the Company.

## DIRECTORS

On the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the Shareholders at their Extraordinary General Meeting held on 13<sup>th</sup> August, 2015, have appointed Mr. Narendra Mairpady (DIN : 00536905) as an Independent Director of the Company for a period of five consecutive years commencing from 13<sup>th</sup> August, 2015.

None of the Independent Directors are due for re-appointment.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. K. Chandrasekar, Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting scheduled to be held on 14<sup>th</sup> July, 2016 and being eligible, has offered himself for re-appointment.

## KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Harshada Pathak, Company Secretary and Key Managerial Personnel resigned from the services of the Company. The resignation was effective from 14<sup>th</sup> October, 2015.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee has appointed

Ms. Arnava M. Pardiwalla as the Company Secretary & Compliance Officer of the Company with effect from 11<sup>th</sup> March, 2016. Ms. Arnava Pardiwalla is also the Company Secretary & Compliance Officer and Key Managerial Personnel of Mahindra & Mahindra Financial Services Limited, the Holding Company.

Mr. Anuj Mehra, Managing Director, Mr. Dharmesh Vakharia, Chief Financial Officer and Ms. Arnava M. Pardiwalla, Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013.

## COMPOSITION OF THE BOARD

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. The Company has a Non-Executive Chairman, a Managing Director, three Non-Executive Non-Independent Directors (including a Nominee Director appointed by National Housing Bank) and three Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

## Board Meetings and Annual General Meeting

During the Financial Year 2015-16, the Board of Directors met six times on 15<sup>th</sup> April, 2015, 13<sup>th</sup> July, 2015, 14<sup>th</sup> October, 2015, 16<sup>th</sup> January, 2016, 24<sup>th</sup> February, 2016 and 11<sup>th</sup> March, 2016.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial year 2015-16 and at the last Annual General Meeting (AGM) of the Company held on 13<sup>th</sup> July, 2015, are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2015-16		Attendance at the last Annual General Meeting held on 13 <sup>th</sup> July, 2015 (Yes/No/N.A.)
		Held	Attended	
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	6	6	Yes
Mr. Anuj Mehra (Managing Director)	Executive Director	6	6	Yes
Mr. V. Ravi	Non-Executive Non-Independent Director	6	6	Yes
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	6	5	Yes
Mr. K. Chakarvarthy (Nominee of National Housing Bank)	Non-Executive Non-Independent Director	6	4	No
Mr. Nityanath Ghanekar	Independent Director	6	6	Yes

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2015-16		Attendance at the last Annual General Meeting held on 13 <sup>th</sup> July, 2015 (Yes/No/N.A.)
		Held	Attended	
Mrs. Anjali Raina	Independent Director	6	5	Yes
Mr. Narendra Mairpady <sup>(1)</sup>	Independent Director	6	4	N.A.
Mr. Uday Y. Phadke <sup>(2)</sup>	Non-Executive Non-Independent Director	6	2	Yes

**Notes:**

(1) Appointed as an Independent Director with effect from 13<sup>th</sup> August, 2015.

(2) Ceased to be Director with effect from 13<sup>th</sup> July, 2015.

**MEETINGS OF INDEPENDENT DIRECTORS**

The Independent Directors met twice during the year under review. The Meetings were conducted in an informal manner without the presence of the Chairman, the Managing Director, the Non-Executive Non-Independent Directors and the Chief Financial Officer.

**COMMITTEES OF THE BOARD**
**(a) AUDIT COMMITTEE**

Your Company has an adequately qualified and experienced Audit Committee. The Audit Committee was re-constituted during the year under review by inducting Mr. Narendra Mairpady, Independent Director, as a Member of the Committee. As on 31<sup>st</sup> March, 2016, the Audit Committee comprised of four Non-Executive Directors of which three are Independent Directors. The Committee comprises of Mr. Nityanath Ghanekar (Chairman), Mrs. Anjali Raina and Mr. Narendra Mairpady, all Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The terms of reference of the Audit Committee were revised during the year under review to bring them in line with the provisions of the Companies Act, 2013. The revised terms of reference of the Audit Committee are:

- To recommend appointment, remuneration and terms of appointment of auditors and internal auditors of the Company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To examine the quarterly and annual financial statements and the auditors' report thereon;
- To approve or subsequently modify transactions of the Company with related parties;
- To scrutinize inter-corporate loans and investments;
- To undertake valuation of undertakings or assets of the Company, wherever it is necessary;
- To evaluate internal financial controls and risk management systems;

- To monitor the end use of funds raised through public offers and related matters;
- To formulate the scope, functioning, periodicity and methodology for conducting the internal audit, in consultation with the Internal Auditor;
- To discharge from time to time such other acts, duties and functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

The Audit Committee met thrice during the year under review on 15<sup>th</sup> April, 2015, 14<sup>th</sup> October, 2015 and 16<sup>th</sup> January, 2016.

The attendance of the Members of the Audit Committee at its Meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	Audit Committee Meetings	
		Held	Attended
Mr. Nityanath Ghanekar (Chairman)	Independent Director	3	3
Mrs. Anjali Raina	Independent Director	3	3
Mr. Narendra Mairpady *	Independent Director	3	1
Mr. V. Ravi	Non-Executive Non-Independent Director	3	3

\* Appointed as a Member with effect from 14<sup>th</sup> October, 2015.

The Board has accepted all the recommendations made by the Audit Committee during the year under review. The Chairman of the Board, Managing Director, Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Nityanath Ghanekar, Chairman of the Audit Committee, was present at the 8<sup>th</sup> Annual General Meeting of the Company held on 13<sup>th</sup> July, 2015.

**(b) NOMINATION AND REMUNERATION COMMITTEE**

As on 31<sup>st</sup> March, 2016, the Nomination and Remuneration Committee of the Board of Directors comprised of four members viz. Mr. Ramesh Iyer and Mr. K. Chandrasekar, Non-Executive Non-Independent Directors and Mr. Nityanath Ghanekar and Mrs. Anjali Raina, Independent Directors. The Committee met twice during the year under review on 13<sup>th</sup> July, 2015 and 12<sup>th</sup> August, 2015. The Nomination and Remuneration Committee inter alia recommends the appointment and removal of Directors and carries out evaluation of performance of every Director in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration subject to limits approved by the Shareholders.

The attendance of the Members of Nomination and Remuneration Committee at its Meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	Nomination and Remuneration Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer	Non-Executive Non-Independent Director	2	2
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	2	2
Mr. Nityanath Ghanekar	Independent Director	2	2
Mrs. Anjali Raina	Independent Director	2	1

**(c) ASSET LIABILITY COMMITTEE**

The Asset Liability Committee (ALCO) of the Board of Directors comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. K. Chandrasekar and Mr. V. Ravi, Non-Executive Non-Independent Directors. The ALCO Committee met twice during the year on 15<sup>th</sup> April, 2015 and 14<sup>th</sup> October, 2015. The Committee oversees the Asset Liability Management system of the Company.

The attendance of the Members of ALCO Committee at its Meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	ALCO Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non- Independent Director	2	2
Mr. V. Ravi	Non-Executive Non- Independent Director	2	2
Mr. K. Chandrasekar	Non-Executive Non- Independent Director	2	2

**(d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee inter alia, allocates the amount of expenditure to be incurred by the Company on CSR activities as enumerated in Schedule VII to the Act and monitors the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the web-link: <http://www.mahindrahomelfinance.com/csr-policy.php>.

Mr. Ramesh Iyer, Chairman and Non-Executive Non-Independent Director is the Chairman of the Committee. Mr. K. Chandrasekar and Mr. V. Ravi, Non-Executive Non-Independent Directors, Mr. Anuj Mehra, Managing Director and Mrs. Anjali Raina, Independent Director are the other Members of the Committee. The Committee held three meetings during the year under review. The Committee met on 15<sup>th</sup> April, 2015, 30<sup>th</sup> September, 2015 and 11<sup>th</sup> March, 2016.

The attendance of the Members of CSR Committee at its Meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	CSR Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	3	3
Mr. V. Ravi	Non-Executive Non-Independent Director	3	3
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	3	1
Mrs. Anjali Raina	Independent Director	3	3
Mr. Anuj Mehra	Managing Director	3	3

During the year under review, your Company spent Rs. 109.43 Lacs towards CSR activities pertaining to eradicating hunger and poverty and promoting education for the girl child and financial literacy amongst children and women.

Your Company is in compliance with the statutory requirements in this regard.

The Annual Report on the CSR activities undertaken by your Company in the Financial Year 2015-16 is appended as **Annexure I** to this Report.

**PERFORMANCE EVALUATION OF THE BOARD**

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors has carried out an annual evaluation of its own performance and that of its Committees as well as the performance of the Directors individually.

Well-defined and structured questionnaires were used in the evaluation process, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspective. The evaluation was carried out based on the feedback received from Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee to evaluate the performance of individual Directors. The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. The performance evaluation of Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman was carried out by the Independent Directors, after taking into account the views



of the Executive and Non-Executive Directors. The Directors have expressed their satisfaction with the evaluation process.

#### DECLARATION GIVEN BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfil the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013.

#### COMPANY'S POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has adopted the following policies as required under Sub-Section (3) of Section 178 of the Companies Act, 2013:

- (i) 'Policy to determine qualifications, positive attributes and independence of Directors and evaluation of the Board, Committees and individual Directors',
- (ii) 'Policy on Remuneration of Directors' and,
- (iii) 'Remuneration Policy for Key Managerial Personnel (KMPs) and Employees'.

The Nomination and Remuneration Committee while recommending the appointment of Directors considers desirable qualifications which may amongst other things include professional qualifications, skills, professional experience, background and knowledge apart from the criteria of independence as prescribed under the Companies Act, 2013.

The Policy on Remuneration of Directors and Remuneration Policy for KMPs and Employees of the Company is appended as **Annexure II** to this Report in accordance with the provisions of Sub-Section (4) of Section 178 of the Companies Act, 2013.

#### PARTICULARS OF REMUNERATION

Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

##### 1. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2015-16:

Name of the Director	Designation	Ratio of the remuneration of each Director to median remuneration of employees
Mr. Ramesh Iyer	Chairman	NIL*
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL*
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL*
Mr. Nityanath Ghanekar	Independent Director	5.90X
Mrs. Anjali Raina	Independent Director	5.98X
Mr. Narendra Mairpady	Independent Director	3.58X

Name of the Director	Designation	Ratio of the remuneration of each Director to median remuneration of employees
Mr. K. Chakravarthy	Non-Executive Director (Nominee of National Housing Bank)	NIL*
Mr. Anuj Mehra	Managing Director	148.16X

\* Mr. Ramesh Iyer, Mr. V. Ravi, Mr. K. Chandrasekar and Mr. K. Chakravarthy do not receive any remuneration from the Company.

##### 2. Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2015-16:

Name of the Director/KMP	Designation	% increase in Remuneration
Mr. Ramesh Iyer	Chairman	NIL*
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL*
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL*
Mr. Nityanath Ghanekar	Independent Director	N.A.**
Mrs. Anjali Raina	Independent Director	N.A.**
Mr. Narendra Mairpady	Independent Director	N.A.***
Mr. K. Chakravarthy	Non-Executive Director (Nominee of National Housing Bank)	NIL*
Mr. Anuj Mehra	Managing Director	48
Mr. Dharmesh Vakharia	Chief Financial Officer	3
Ms. Arnava M. Pardiwalla****	Company Secretary & Compliance Officer	- 21.09*****
Ms. Harshada Pathak****	Company Secretary	

\* Mr. Ramesh Iyer, Mr. V. Ravi, Mr. K. Chandrasekar and Mr. K. Chakravarthy do not receive any remuneration from the Company.

\*\* Mr. Nityanath Ghanekar and Mrs. Anjali Raina were appointed as Directors with effect from 30<sup>th</sup> March, 2015 and hence details in respect of % increase have not been provided.

\*\*\* Mr. Narendra Mairpady was appointed as an Independent Director with effect from 13<sup>th</sup> August, 2015 and hence details in respect of % increase have not been provided.

\*\*\*\* Ms. Harshada Pathak resigned from the services of the Company as the Company Secretary and Key Managerial Personnel with effect from 14<sup>th</sup> October, 2015. Ms. Arnava M. Pardiwalla has been appointed as the Company Secretary & Compliance Officer with effect from 11<sup>th</sup> March, 2016. She is also the Company Secretary of Mahindra & Mahindra Financial Services Limited (MMFSL), the Holding Company and her entire remuneration is borne by MMFSL.

\*\*\*\*\* Secretarial function is covered under the cost sharing arrangement with the Holding Company.

**3. Percentage increase in the median remuneration of employees in the Financial Year:**

5.22% considering employees who were in employment for the whole of the Financial Year 2014-15 and Financial Year 2015-16.

**4. Number of Permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2016:**

As on 31<sup>st</sup> March, 2016, there were 4,396 permanent employees on the rolls of the Company.

**5. Explanation on relationship between average increase in Remuneration and Company performance:**

The increase in the Remuneration is in line with the financial performance of the Company, market trends and Industry benchmarking. On an average, employees received an annual increase of 9.83%. The individual increment varied from 8% to 12%, based on individual performance.

**6. Comparison of Remuneration of the Key Managerial Personnel against the performance of the Company:**

The Key Managerial Personnel were paid approximately 2.91% in aggregate of the Profit Before Tax during the Financial Year 2015-16.

**7. Variations in the market capitalisation of the company, price earnings ratio of the Company as at the closing date of the current Financial Year and previous financial year and percentage increase/decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current Financial Year and previous Financial Year:**

Mahindra Rural Housing Finance Limited is a listed company since its debentures are listed on the BSE Limited. Details of variations in the Net Worth of the Company are given below:

Rs. in crores

Particulars	As on 31 <sup>st</sup> March, 2016	As on 31 <sup>st</sup> March, 2015	Variation
Net Worth	275.77	173.16	Increased by 102.61 (59.26%)

**8. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2015-16 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2014-15 and Financial Year 2015-16, the average increase is 10.63%. Average increase for Managerial Personnel is 9.44%

**9. Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:**

Name of KMP	Designation	% to Profit Before Tax for F.Y. 2015-16
Mr. Anuj Mehra	Managing Director	2.02
Mr. Dharmesh Vakharia	Chief Financial Officer	0.82
Ms. Arnavaz M. Pardiwalla*	Company Secretary & Compliance Officer	0.07**
Ms. Harshada Pathak*	Company Secretary	

\* Ms. Harshada Pathak resigned from the services of the Company as the Company Secretary and Key Managerial Personnel with effect from 14<sup>th</sup> October, 2015. Ms. Arnavaz M. Pardiwalla has been appointed as the Company Secretary & Compliance Officer with effect from 11<sup>th</sup> March, 2016. She is also the Company Secretary of Mahindra & Mahindra Financial Services Limited (MMFSL), the Holding Company and her entire remuneration is borne by MMFSL.

\*\* Secretarial function is covered under the cost sharing arrangement with the Holding Company.

**10. Key parameters for any variable component of remuneration availed by the Directors:**

The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee in accordance with the Remuneration Policy for Directors. The Performance Pay of the Managing Director is aggregate of Individual Key Result Areas and Company's Key Performance Indicators.

Independent Directors shall be paid commission upto 1% of the Net Profits of the Company computed as per the applicable provisions of the Companies Act, 2013 and as approved by the Shareholders in the forthcoming Annual General Meeting. The said commission has been decided by the Board of Directors and shall be distributed amongst the Independent Directors.

**11. Ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year:**

The highest paid Director is the Managing Director of the Company. During the Financial Year 2015-16, no employee has received remuneration in excess of the remuneration received by the Managing Director.

**12. Affirmation that the remuneration is as per the Remuneration Policy of the Company.**

The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees, adopted by the Company.

Mr. Anuj Mehra, Managing Director of the Company does not receive any remuneration or commission from the

Holding Company. However, the Managing Director has been granted stock options under the Employees' Stock Option Scheme of the Holding Company, Mahindra & Mahindra Financial Services Limited and has exercised the stock options during the year, which were granted in earlier year(s).

The Company had 2 employees who were in receipt of remuneration of not less than Rs. 60,00,000 during the Financial Year ended 31<sup>st</sup> March, 2016 or not less than Rs. 5,00,000 per month during any part of the year.

Details of employee remuneration as required under the provisions of Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure III**.

None of the employees listed in the said Annexure is a relative of any Director of the Company.

None of the employees holds, either by himself or along with his spouse or dependent children, more than two per cent of the Equity Shares of the Company.

## HUMAN RESOURCES AND TRAINING

Your Company took a number of initiatives to strengthen human resources during the year under review. In pursuance of the Company's commitment to develop and retain the best available talent, the Company has been sponsoring the employees for training programmes organized by reputed faculties and professional institutions for building capabilities thereby upgrading the skill and knowledge of the employees in different operational areas. Constant endeavours are being made to offer professional growth opportunities and recognitions to employees, apart from imparting required training.

The Company has also conducted various engagement surveys to understand the engagement levels across employees for devising various policies which has helped in boosting employee morale and engagement levels.

The Company had 4,396 employees as at 31<sup>st</sup> March, 2016.

Your Company strongly believes in maintaining the dignity of all its employees irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited. The Company has taken necessary steps to enhance awareness amongst its employees in respect of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year under review, the Company has not received any complaint on sexual harassment.

## CODES OF CONDUCT FOR CORPORATE GOVERNANCE

The Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year under review, received declarations under the Codes from the Board Members, Senior Management and Employees of the Company affirming compliance with the respective Codes.

## AUDITORS

### Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, [ICAI Firm Registration No.105102W] the Statutory Auditors of the Company, hold office till the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint Messrs. B. K. Khare & Co., as the Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the next AGM.

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs. B. K. Khare & Co., Chartered Accountants to their re-appointment and a Certificate, to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

The Report of Statutory Auditors is a part of this Annual Report. There is no qualification, reservation or adverse remark in the Auditors' Report.

### Secretarial Auditor

The Board of Directors of the Company has appointed Messrs. KSR & Co., Company Secretaries LLP, to conduct the Secretarial Audit of the Company, pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of Sub-Section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2015-16 furnished by the Secretarial Auditor is appended to this Report as **Annexure IV**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

## ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act and the Guidelines issued by the National Housing Bank.

## EXTRACT OF THE ANNUAL RETURN

Pursuant to Sub-Section 3(a) of Section 134 and Sub-Section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31<sup>st</sup> March, 2016 is appended to this Report as **Annexure V**.

## VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a Vigil Mechanism for Directors and Employees to report their genuine concerns.

As per the Whistle Blower Policy of the Company the Employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity, to the Chairman of the Audit Committee of the Board of Directors or Chairman of the Company or the Corporate Governance Cell.

Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subjected to any discriminatory practices. No personnel have been denied access to the Audit Committee.

The Whistle Blower Policy of the Company is available on the website of the Company at the Web-link:  
<http://www.mahindrashomefinance.com/pdf/Whistle-Blower-Policy.pdf>.

## INTERNAL CONTROL SYSTEMS

Your Company has in place an adequate internal control system to safeguard all assets and ensure operational excellence. It also has a team of Internal Auditors to conduct internal audit. Independent audit firms ensure that all transactions are correctly authorised and reported. The Internal Audit reports are discussed with the Management and reviewed by the Audit Committee of the Board of Directors. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

## INTERNAL FINANCIAL CONTROL SYSTEM

Your Company has in place, adequate internal financial controls with reference to financial statements, commensurate with the size, scale and nature of its operations.

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

## RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. The Company has adopted a Risk Management Policy and has a well-defined risk management framework in place. Your Company has established procedures to periodically place before the Board risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate risks. The risk management process is governed by an enterprise wide risk management framework.

During the year your Company has constituted a Risk Management Committee comprising of the Managing Director and Senior Executives of the Company to manage the integrated risk and inform the Audit Committee from time to time the progress made in putting in place a progressive risk management system followed by the Company.

The key business risks identified by the Company and its mitigation plans are as under:

1. **Credit Risk:** Credit Risk is inherent to any lending business and the Company also faces this risk. To mitigate this, the Company has put in place stringent lending norms, has developed metrics to evaluate a customer's income and insists on a thorough field investigation to check the viability of lending to a customer.
2. **People Risk:** The Company's business model is highly people centric and the Company's employees are its biggest strength. Retention of employees is hence a key focus area. Extensive training, team building and employee engagement initiatives have been adopted to mitigate this risk. The Company follows a policy of hiring locally. This ensures employees appreciate local conditions which in turn ensures superior productivity while taking credit decisions and also while servicing customers.
3. **Environmental Risk:** Cash flows of a large number of the Company's customers depend on agriculture. Environmental factors affecting crops (yields and/or prices) impact the customer's ability to repay. The Company mitigates this risk through a policy of geographical hedging. The Company engages with its customers through regular follow-up and close monitoring.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

- i. In the preparation of the annual accounts for financial year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed and there are no material departures in adoption of these standards.
- ii. The Directors 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 at 31<sup>st</sup> March, 2016 and of the profit of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care 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.
- iv. The Directors have prepared the annual accounts for financial year ended 31<sup>st</sup> March, 2016 on a 'going concern' basis.

- v. The Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and have been operating effectively.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES**

Sub-Section (4) of the Section 186 of the Companies Act, 2013 stipulates that companies disclose in the financial statements, full particulars of loans made and guarantees given or securities provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security. However, Sub-Section (11) of the said Section 186 exempts Housing Finance Companies from making such disclosure in the financial statements for the loans granted and /or guarantees /securities provided by such Housing Finance companies in the ordinary course of business. No investments were made by the Company during the year under review.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered into by the Company during the Financial Year 2015-16 with related parties were in the ordinary course of business and on an arm's length basis. No material related party transactions were entered during the year by your Company. Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

#### **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are provided in **Annexure VI** appended to this Report.

#### **SUBSIDIARIES**

The Company did not have any subsidiary as on 31<sup>st</sup> March, 2016 or during the Financial Year ended on that date.

#### **CHANGE IN THE NATURE OF BUSINESS**

There was no change in the nature of business carried on by the Company during the year under review.

#### **PUBLIC DEPOSITS AND LOANS/ADVANCES**

The Company has not accepted deposits from the public or its employees during the year under review. There were no unclaimed Deposits or interest thereon or unpaid Dividend due for transfer to Investor Education and Protection Fund during the year under review.

The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the

Annual Accounts of the Company pursuant to Regulation 53(f) read with paragraph A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There were no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status and Company's operations in future.

#### **GENERAL INFORMATION**

The half yearly Financial Results of the Company are furnished to the Stock Exchanges in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in the Free Press Journal in English and also communicated to the Debenture holders every six months through a half yearly communique. Official news releases, including the half-yearly results, are also disseminated on the Company's website.

As prescribed under Regulation 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of the Debenture Trustees is given below:

Axis Trustee Services Limited  
Axis House, 2<sup>nd</sup> Floor,  
Bombay Dying Mills Compound,  
Pandurang Budhkar Marg, Worli,  
Mumbai - 400 025.

Telephone: (022) 2425 5215/16  
Fax: (022) 2425 4200  
E-mail: debenturetrustee@axistrustee.com

#### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to place on record their sincere appreciation for the support received from the National Housing Bank, Company's customers, Bankers and Shareholders during the year under review. Your Directors also acknowledge the hard work, dedication and commitment of the employees.

**For and on behalf of the Board**

**Ramesh Iyer**  
Chairman

Registered Office:  
Mahindra Towers,  
P. K. Kurne Chowk, Worli,  
Mumbai - 400 018.

CIN: U65922MH2007PLC169791  
Tel.: 91 22 6652 3500; Fax: 91 22 2497 2741  
E-mail: customercare.mrhfl@mahfin.com  
Website: www.mahindrahomedefinance.com

15<sup>th</sup> April, 2016

**ANNEXURE I TO THE DIRECTORS' REPORT****Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.****1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting circumstances. Your Company believes in the transformation of Indian villages into socially stimulating, self-sustaining, growth-oriented communities for a good quality life. To achieve this transformation, it is necessary to empower these communities in all possible aspects for a bright future. Empowering them is the key not only to the well-being of individuals, families and rural communities, but also to overall economic productivity of the Country.

The Company has duly constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company.

As a part of its commitment to Corporate Social Responsibility, during the year your Company implemented projects for victims of Tamil Nadu Flood, Financial literacy amongst students and community. The Company also continued its support to Nanhi Kali, the flagship programme of the K.C. Mahindra Education Trust (KCMET), which supports the education of the disadvantaged girl child.

The detailed CSR Policy is hosted on the Company's website at the following link:  
<http://www.mahindrahomefinance.com/csr-policy.php>.

**2. The Composition of the CSR Committee :** Mr. Ramesh Iyer (Chairman), Mr. K. Chandrasekar, Mr. V. Ravi, Mr. Anuj Mehra and Mrs. Anjali Raina.**3. Average net profit of the Company for last three financial years:** Rs. 5,461.99 Lacs**4. Prescribed CSR Expenditure (two per cent of the amount at item 3 above):** Rs. 109.24 Lacs**5. Details of CSR amount spent during the Financial Year 2015-16.****(a) Total amount spent during the Financial Year :** Rs. 109.43 Lacs**(b) Amount unspent, if any :** NIL**(c) Manner in which the amount spent during the Financial Year :** As detailed below.

Amount in Rs. Lacs

1	2	3	4	5	6	7	8
SR. No.	CSR Project or Activity identified	Sector in which the Project is covered (Notes)	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs (1) Direct & (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
1	KCMET - Donation for Nanhi Kali	(i)	Mumbai (Maharashtra)	82.36	82.36	82.36	K.C. Mahindra Education Trust
2	Promoting financial literacy - among school students through distribution of financial literacy kits	(i)	Nagpur (Maharashtra)	6.07	6.07	6.07	Drishtee Foundation
3	Promoting financial literacy - among community especially women through financial literacy training	(i)	Baroda (Gujarat)	10.00	10.00	10.00	Gujarat Mahila Housing Sewa Trust
4	Flood relief	(ii)	Teynampet, Chennai (Tamil Nadu)	11.00	11.00	11.00	Bhumi

Notes:

- (i) Promoting education for girl child and financial literacy amongst children & women.
  - (ii) Eradicating hunger and poverty.
- 6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report : N.A.**
- 7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.**

For Mahindra Rural Housing Finance Limited

For and on behalf of the Corporate Social Responsibility  
Committee of Mahindra Rural Housing Finance Limited

**Anuj Mehra**  
Managing Director

**Ramesh Iyer**  
Chairman of the  
Corporate Social Responsibility Committee

## ANNEXURE II TO THE DIRECTORS' REPORT POLICY ON REMUNERATION OF DIRECTORS

### Prelude

The Company is a housing finance company registered with the National Housing Bank, and is engaged in providing Home Loans primarily in rural areas for construction or purchase of a new property or for repairs, modernization or extension of an existing home.

This Policy shall be effective from the financial year 2014-15.

### Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra Rural Housing Finance Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors etc.

### Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the meeting of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the Holding Company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee

Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and shareholders of the Company subject to such other approvals as may be required.

Non Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of the Companies Act, 2013.

The NRC while determining the remuneration shall ensure the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

### Managing Director/Executive Directors

The term of office and remuneration of Managing Director/Executive Directors are subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013, from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The



remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment etc., as per the Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by the NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum based on laid down limits as per the Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a

Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal year to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities etc., as per the policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

#### **Disclosures**

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

## **REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

This Policy shall be effective from the financial year 2014-15.

#### **Objective**

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

#### **Definition(s)**

"Key Managerial Personnel" (KMP) as defined in Section 2(51) of the Companies Act, 2013 means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

#### **Standard**

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can choose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives, either monthly or quarterly, based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option Scheme, car scheme, medical & dental benefit, loans, insurance etc. as per grades.

#### **Increments**

- Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

**For and on behalf of the Board**

**Ramesh Iyer**  
Chairman

Place: Mumbai  
Date: 15<sup>th</sup> April, 2016

## ANNEXURE III TO THE DIRECTORS' REPORT

**Additional Information as required under Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors' Report for the year ended 31<sup>st</sup> March, 2016.**

Name of Employee	Designation	Gross Remuneration (subject to income-tax) (Rs. in Lacs)	Qualifications	Experience (Years)	Age (Years)	Date of Commencement of Employment	Last Employment held, Designation and Organisation
Mr. Anuj Mehra	Managing Director	195.58	Bachelor in Economics P.G.D.M., I.I.M. (Ahmedabad)	32	55	1 <sup>st</sup> March, 2009	Vice President - Marketing Mahindra Lifespace Developers Limited
Mr. Dharmesh Vakharia	Chief Financial Officer	79.64	Bachelor of Commerce, Chartered Accountant	17	43	1 <sup>st</sup> August, 2011	Chief Manager Regional Accounts - Mahindra & Mahindra Financial Services Limited

**Notes:**

1. Nature of employment is contractual, subject to termination on one month's notice on either side.
2. Terms and conditions of employment are as per Company's Rules/contract.
3. None of the employees mentioned above is related to any Director or Manager of the Company.
4. No employee was in receipt of remuneration more than the remuneration drawn by a Managing Director or whole-time director or manager and holds by himself or alongwith his spouse and dependent children not less than 2% of the equity shares of the Company.
5. Gross remuneration received as shown in the statement includes Salary, Bonus, House Rent Allowance or value of perquisites for accommodation, car perquisites value/allowances applicable, employer's contribution to Provident Fund, Superannuation scheme and Gratuity Fund including group insurance premium, leave travel facility, reimbursement of medical expenses and all allowances/perquisites and terminal benefits as applicable.
6. Mr. Mehra has been granted stock options under the Employees' Stock Option Scheme of the Holding Company, Mahindra & Mahindra Financial Services Limited.

**For and on behalf of the Board**

**Ramesh Iyer**  
Chairman

Mumbai, 15<sup>th</sup> April, 2016

## ANNEXURE IV TO THE DIRECTORS' REPORT

### SECRETARIAL AUDIT REPORT

**[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**For the Financial Year ended 31<sup>st</sup> March, 2016**

To,

The Members  
Mahindra Rural Housing Finance Limited  
Mahindra Towers, P.K. Kurne Chowk, Worli,  
Mumbai- 400 018.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31<sup>st</sup> March, 2016 in a manner that provided us reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under.
- (ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (iv) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (v) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
- (vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016).
- (vii) The National Housing Bank Act, 1987.

- (viii) The Housing Finance Companies (NHB) Directions, 2010.
- (ix) The Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014.

We have also examined compliance with the applicable clauses of the following:

- (i) The Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreement for debt securities entered into with Bombay Stock Exchange Limited in respect of privately placed non-convertible debentures issued by the Company.

Based on the information and explanation provided, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of:

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (b) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

#### **We further report that**

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period covered under the Audit were carried out in compliance with the provisions of the Act.

Adequate notice and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exist a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- a) During the year the Company has raised Rs. 25 Crores through issue of Non-Convertible Subordinate Debentures on a private placement basis, in the month of April, 2015.
- b) During the year the Company has raised Rs. 35 Crores through issue of Non-Convertible Subordinate Debentures on a private placement basis, in the month of October, 2015.
- c) During the year the Company has listed privately placed Non-Convertible Subordinated Debentures at Bombay Stock Exchange Limited.
- d) Members have enabled Borrowing Powers of the Company up to a limit of Rs. 5,500 Crores over and above the aggregate of the paid-up share capital and free reserves under Section 180(1)(c) of the Companies Act, 2013 at the Eighth Annual General Meeting of the Company held on 13<sup>th</sup> Day of July, 2015.

- e) Members have also enabled the Company to issue Non-Convertible Debentures and/or other debt securities on private placement basis within the aforesaid overall borrowing powers in one or more tranches for a period of one year from 13<sup>th</sup> Day of July, 2015 at the said Annual General Meeting of the Company held on even date.
- f) During the year the Company has issued and allotted 99,92,044 Equity Shares of Rs. 10 each for cash at a premium of Rs. 30 per Equity Share on a rights basis, aggregating to Rs. 39,96,81,760/-.

**For KSR & Co Company Secretaries LLP**

**C. V. Madhusudhanan**  
**Partner**

Place: Coimbatore  
Date: 15/04/2016

FCS: 5367  
CP: 4408

KSR/CBE/M179/049/2016-17

15<sup>th</sup> April, 2016

To

The Members  
Mahindra Rural Housing Finance Limited  
Mahindra Towers, P.K. Kurne Chowk, Worli,  
Mumbai - 400 018.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is

the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For KSR & Co Company Secretaries LLP**

**C. V. Madhusudhanan**  
**Partner**

Place: Coimbatore  
Date: 15/04/2016

FCS: 5367  
CP: 4408

**ANNEXURE V TO THE DIRECTORS' REPORT**

Form No. MGT-9

**Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March, 2016**  
**[Pursuant to Section 92(3) and Rule 12(1) of the**  
**Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS**

<b>i)</b>	CIN	<b>U65922MH2007PLC169791</b>
<b>ii)</b>	Registration Date	<b>9<sup>th</sup> April, 2007</b>
<b>iii)</b>	Name of the Company	<b>Mahindra Rural Housing Finance Limited</b>
<b>iv)</b>	Category/Sub-Category of the Company	<b>Public Limited Company</b>
<b>v)</b>	Address of the Registered office and contact details	<b>Mahindara Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018. Tel.: +91 22 6652 3500 Fax: +91 22 2497 2741 E-mail: <a href="mailto:customercare.mrhfl@mahfin.com">customercare.mrhfl@mahfin.com</a> Website: <a href="http://www.mahindrahomefinance.com">www.mahindrahomefinance.com</a></b>
<b>vi)</b>	Whether listed company: Yes/No	<b>Yes. As per Section 2 (52) of the Companies Act, 2013, the Company is considered as a listed Company as its Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) are listed on the BSE Limited</b>
<b>vii)</b>	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Karvy Computershare Private Limited Unit: Mahindra Rural Housing Finance Limited Karvy Selenium Tower B, Plot No 31 &amp; 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032 Email : <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> Tel. No.: 040 67162222 Toll Free No.: 1800-345-4001 Fax No.: 040 23001153</b>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

<b>Sl. No.</b>	<b>Name and Description of main products/services</b>	<b>NIC Code of the Product/service</b>	<b>% to total turnover of the company</b>
1	Housing Finance	65923	100.00%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

<b>Sl. No.</b>	<b>Name and Address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/Subsidiary/ Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
i.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Ultimate Holding Company	87.50*	2(46)
ii.	Mahindra & Mahindra Financial Services Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65921MH1991PLC059642	Holding Company	87.50	2(46)

\* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Share Holding**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	5,75,19,991	12	5,75,20,003	87.50	5,75,19,991	87,43,052*	6,62,63,043	87.50	0.00
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	5,75,19,991	12	5,75,20,003	87.50	5,75,19,991	87,43,052*	6,62,63,043	87.50	0.00
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	<b>5,75,19,991</b>	<b>12</b>	<b>5,75,20,003</b>	<b>87.50</b>	<b>5,75,19,991</b>	<b>87,43,052*</b>	<b>6,62,63,043</b>	<b>87.50</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	82,17,134	-	82,17,134	12.50	82,17,134	12,49,004#	94,66,138	12.50	0.00
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others - Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	82,17,134	-	82,17,134	12.50	82,17,134	12,49,004#	94,66,138	12.50	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>82,17,134</b>	<b>-</b>	<b>82,17,134</b>	<b>12.50</b>	<b>82,17,134</b>	<b>12,49,004#</b>	<b>94,66,138</b>	<b>12.50</b>	<b>0.00</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>6,57,37,125</b>	<b>12</b>	<b>6,57,37,137</b>	<b>100.00</b>	<b>6,57,37,125</b>	<b>99,92,056</b>	<b>7,57,29,181</b>	<b>100.00</b>	<b>0.00</b>

\* Out of 87,43,052 Shares 87,43,040 Shares will be transferred to the Demat Account.

# 12,49,004 Shares will be transferred to the Demat Account.

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited.	5,75,19,991	87.50	Nil	6,62,63,031	87.50	Nil	0.00
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer.	2	0.00	Nil	2	0.00	Nil	0.00
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Bharat Doshi.	2	0.00	Nil	Nil	0.00	Nil	0.00
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi.	2	0.00	Nil	2	0.00	Nil	0.00
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ravi Kulkarni.	2	0.00	Nil	2	0.00	Nil	0.00
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Zoooben Bhiwandiwala.	2	0.00	Nil	Nil	0.00	Nil	0.00
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Anuj Mehra.	2	0.00	Nil	2	0.00	Nil	0.00
8.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajesh Vasudevan.	Nil	0.00	Nil	2	0.00	Nil	0.00
9.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Dinesh Prajapati.	Nil	0.00	Nil	2	0.00	Nil	0.00
	<b>TOTAL</b>	<b>5,75,20,003</b>	<b>87.50</b>	<b>Nil</b>	<b>6,62,63,043</b>	<b>87.50</b>	<b>Nil</b>	<b>0.00</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Particulars	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mahindra & Mahindra Financial Services Limited alongwith joint holders				
At the beginning of the year	5,75,20,003	87.50	5,75,20,003	87.50
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	On 30 <sup>th</sup> March, 2016, 87,43,040 Equity Shares of Rs. 10 each at a premium of Rs. 30 per share were allotted on a Rights basis to Mahindra & Mahindra Financial Services Limited. Increase in shareholding of Promoters is on account of allotment of Equity Shares on a Rights basis, as mentioned above.			
At the end of the year (as on 31 <sup>st</sup> March, 2016)	6,62,63,043	87.50	6,62,63,043	87.50

**Note:** There was transfer of Two Equity Shares each from Mahindra & Mahindra Financial Services Limited ("MMFSL") jointly with Mr. Bharat Doshi to MMFSL jointly with Mr. Rajesh Vasudevan and MMFSL jointly with Mr. Zhooben Bhiwandiwala to MMFSL jointly with Mr. Dinesh Prajapati. However, there was no change in the beneficial ownership of these Shares.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>National Housing Bank</b>				
At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	82,17,134	12.50	82,17,134	12.50
Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	On 30 <sup>th</sup> March 2016, 12,49,004 Equity Shares of Rs. 10 each at a premium of Rs. 30 per share were allotted on a Rights basis to National Housing Bank. Increase in shareholding of National Housing Bank is on account of allotment of Equity Shares on a Rights basis, as mentioned above.			
At the end of the year (As on 31 <sup>st</sup> March, 2016)	82,17,134	12.50	94,66,138	12.50

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Ramesh Iyer - Chairman (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	2	0.00	2	0.00
2.	Mr. Uday Y. Phadke - Director (Ceased to be the Director with effect from 13 <sup>th</sup> July, 2015)				
	At the beginning of the year(as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 20016)	Nil	0.00	Nil	0.00



Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
3.	Mr. V. Ravi - Director (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	2	0.00	2	0.00
4.	Mr. K. Chandrasekar - Director				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
5.	Mr. K. Chakravarthy - Director (Nominee of National Housing Bank)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
6.	Mr. Nityanath Ghanekar - Director				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
7.	Mrs. Anjali Raina - Director				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
8.	Mr. Anuj Mehra - Managing Director, Key Managerial Personnel (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	2	0.00	2	0.00
9.	Mr. Narendra Mairpady - Director (Appointed as an Independent Director with effect from 13 <sup>th</sup> August, 2015)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
10.	Mr. Dharmesh Vakharia - Chief Financial Officer, Key Managerial Personnel				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
11.	Ms. Harshada Pathak - Company Secretary (Ceased to be the Company Secretary with effect from 14 <sup>th</sup> October, 2015)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
12.	Ms. Arnavaz M. Pardiwalla - Company Secretary (Appointed as the Company Secretary with effect from 11 <sup>th</sup> March, 2016)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00

**V. INDEBTEDNESS –**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	1,61,160.63	9,806.50	NIL	1,70,967.13
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	1,109.00	255.63	NIL	1,364.63
<b>Total (i+ii+iii)</b>	<b>1,62,269.63</b>	<b>10,062.13</b>	<b>NIL</b>	<b>1,72,331.76</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	2,07,268.66	1,45,433.55	NIL	3,52,702.21
• Reduction	1,37,558.83	1,18,830.63	NIL	2,56,389.46
<b>Net Change</b>	<b>69,709.83</b>	<b>26,602.92</b>	<b>NIL</b>	<b>96,312.75</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,31,056.01	35,611.50	NIL	2,66,667.51
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	923.45	1,053.55	NIL	1,977.00
<b>Total (i+ii+iii)</b>	<b>2,31,979.46</b>	<b>36,665.05</b>	<b>NIL</b>	<b>2,68,644.51</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager
		<b>Mr. Anuj Mehra, Managing Director</b>
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	116.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	79.43*
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission – as % of profit	Nil
	– others	Nil
5.	Others (medical reimbursement)	0.15
	<b>Total (A)</b>	<b>195.58</b>
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 670.24 Lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report

\* includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

**B. REMUNERATION TO OTHER DIRECTORS**

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Names of Directors			Total Amount		
1.	<b>Independent Directors</b>	<b>Mr. Nityanath Ghanekar</b>	<b>Mrs. Anjali Raina</b>	<b>Mr. Narendra Mairpady</b>			
	Fee for attending Board/Committee Meetings	2.80	2.90	1.40	7.10		
	Commission	5.00	5.00	3.33	13.33		
	Other	NIL	NIL	NIL	NIL		
	<b>Total (1)</b>	<b>7.80</b>	<b>7.90</b>	<b>4.73</b>	<b>20.43</b>		
2.	Other Non-Executive Directors	<b>Mr. Ramesh Iyer</b>	<b>Mr. K. Chandrasekar</b>	<b>Mr. K. Chakravarthy</b>	<b>Mr. Uday Phadke</b>	<b>Mr. V. Ravi</b>	<b>Total Amount</b>
	Fee for attending Board/Committee Meetings	NIL	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL	NIL
	Others	NIL	NIL	NIL	NIL	NIL	NIL
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total (B)=(1+2)</b>						<b>20.43</b>
	<b>Overall Ceiling as per the Act (%)</b>	1% of the Net Profits equivalent to Rs. 134.05 Lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report.					
	<b>Total Managerial Remuneration (A+B)</b>						<b>216.01</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Financial Officer (Mr. Dharmesh Vakharia)	Company Secretary <sup>@</sup> (Ms. Harshada Pathak) <sup>(1)</sup>	Company Secretary <sup>@</sup> (Ms. Arnavaz M. Pardiwalla) <sup>(2)</sup>	Total Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	64.64	5.91	NIL	70.55
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	14.85*	NIL	NIL	14.85*
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission – as % of profit	NIL	NIL	NIL	NIL
	– others	NIL	NIL	NIL	NIL
5.	Others (medical reimbursement)	0.15	NIL	NIL	0.15
	<b>Total</b>	<b>79.64</b>	<b>5.91</b>	<b>NIL</b>	<b>85.55</b>

\* includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

@ secretarial function covered under cost sharing agreement.

(1) For part of the year. Ceased to be the Company Secretary with effect from 14<sup>th</sup> October, 2015.

(2) Ms. Arnavaz M. Pardiwalla was appointed as the Company Secretary with effect from 11<sup>th</sup> March, 2016. She is also the Company Secretary & Compliance Officer of Mahindra & Mahindra Financial Services Limited (MMFSL), the holding company and her entire remuneration is borne by MMFSL.

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			N. A.		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**For and on behalf of the Board**

**Ramesh Iyer**  
Chairman

Mumbai, 15<sup>th</sup> April, 2016

## ANNEXURE VI TO THE DIRECTORS' REPORT

The particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Sub-Section (3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

### A. Conservation of Energy

- (i) The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

- (ii) The steps taken by the Company for utilizing alternate sources of energy:

The operations of your Company are not energy intensive.

- (iii) The capital investment on energy conservation equipments: Nil

### B Technology Absorption

- (i) The efforts made towards technology absorption : **Not Applicable.**

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable.**

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year) – **Not Applicable.**

(a) Details of Technology Imported

(b) Year of Import

(c) Whether the Technology been fully absorbed

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof

- (iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

### C. Foreign Exchange Earnings and Outgo

The information on Foreign Exchange Outgo is furnished in the Notes to Accounts. There were no Foreign Exchange Earnings during the year under review.

For and on behalf of the Board

**Ramesh Iyer**  
Chairman

Mumbai, 15<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA RURAL HOUSING FINANCE LIMITED**

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Mahindra Rural Housing Finance Limited ("the Company"), which comprise the balance sheet as at March 31, 2016, and the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the period from April 1, 2015 to March 31, 2016.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

- f. with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14 to the financial statements.
  - ii. The Company does not have any long-term contracts including derivative contracts for which

there are any material foreseeable losses that need provision.

- iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Naresh Kumar Kataria**  
Partner  
Membership Number 037825

Mumbai, April 15, 2016

## ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Rural Housing Finance Limited** for the year ended March 31, 2016.

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a programme of phased verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed in respect of assets verified during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- II. The Company is in the business of providing housing finance and consequently, does not hold any inventory. Hence, para 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- III. There are no companies, firms or other parties covered in the register maintained under Section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- IV. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore, para 3(iv) of the Order is not applicable to the company.
- V. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3(v) of the Order is not applicable to the company.
- VI. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- VII. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a

period of more than six months from the date they became payable.

- (c) except for the following cases, there are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority.

Name of Statute	Nature of dues	Amt in Rs.	Period to which amount relates	Forum where pending
Income Tax Act, 1961	Income Tax	37,75,670	A.Y. 2012-13	CIT(A)
Income Tax Act, 1961	Income Tax	5,41,775	A.Y. 2013-14	Appeal being filed before CIT(A)

- VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues from financial institution or bank or debenture holders as at the Balance Sheet date.
- IX. In our opinion and according to the information and explanations given to us, during the year, the term loans were applied for the purposes for which they were obtained. During the year, there were no moneys raised by way of initial public offer or further public offer.
- X. Except for 28 cases of frauds aggregating Rs. 60.16 Lacs which were noticed by the management and informed to us, we have neither come across any instances of fraud by the Company or any fraud on the Company by its officers or employees have been noticed nor have been reported during the year.
- XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- XIII. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.
- XV. During the course of our examination of the books and records of the Company, carried out in accordance with



the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration Number 105102W

**Naresh Kumar Kataria**  
Partner  
Membership Number 037825

Mumbai, April 15, 2016

## **ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA RURAL HOUSING FINANCE LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Mahindra Rural Housing Finance Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that :

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**

Chartered Accountants

Firm's Registration Number 105102W

**Naresh Kumar Kataria**

Partner

Membership Number 037825

Mumbai, April 15, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	Rs. in Lacs March 2016	Rs. in Lacs March 2015
<b>I. EQUITY &amp; LIABILITIES</b>			
1) <b>Shareholders' funds</b>			
a) Share Capital.....	1	7,572.92	6,573.71
b) Reserves and Surplus.....	2	20,003.78	10,742.14
		<u>27,576.70</u>	<u>17,315.85</u>
2) <b>Non-Current Liabilities</b>			
a) Long Term Borrowings.....	3	204,106.47	149,705.07
b) Long Term Provisions .....	4	3,491.23	1,935.23
		<u>207,597.70</u>	<u>151,640.30</u>
3) <b>Current Liabilities</b>			
a) Short Term Borrowings.....	5	36,649.45	4,124.23
b) Trade Payables	6		
i) Micro & Small Enterprises.....		-	-
ii) Other Trade Payables .....		3,098.68	2,050.32
c) Other Current Liabilities .....	7	50,000.06	32,997.27
d) Short Term Provisions.....	8	5,201.38	3,814.43
		<u>94,949.57</u>	<u>42,986.25</u>
<b>TOTAL.....</b>		<b><u>330,123.97</u></b>	<b><u>211,942.40</u></b>
<b>II. ASSETS</b>			
1) <b>Non-Current Assets</b>			
a) Fixed Assets	9		
Tangible Assets .....		1,046.06	690.87
b) Deferred Tax Assets (Net).....	10	583.89	95.60
c) Long Term Loans and Advances .....	11	247,715.80	158,217.57
		<u>249,345.75</u>	<u>159,004.04</u>
2) <b>Current Assets</b>			
a) Cash and Cash Equivalents .....	12	1,127.21	990.24
b) Short Term Loans and Advances.....	13	79,651.01	51,948.12
		<u>80,778.22</u>	<u>52,938.36</u>
<b>TOTAL.....</b>		<b><u>330,123.97</u></b>	<b><u>211,942.40</u></b>
<b>Summary of significant accounting policies and notes to the financial statements</b>		<b>I &amp; II</b>	

The notes referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred in our report of even date.

**For B. K. Khare & Co.**  
Chartered Accountants  
(FRN: 105102W)

**Ramesh Iyer**  
Chairman

**Nityanath Ghanekar**  
Director

**Anjali Raina**  
Director

**V. Ravi**  
Director

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825  
Mumbai, 15<sup>th</sup> April 2016

**K. Chakravarthy**  
Director

**K. Chandrasekar**  
Director

**M. Narendra**  
Director

**Anuj Mehra**  
Managing Director

**Arnavaz Pardiwala**  
Company Secretary

**Dharmesh Vakharia**  
Chief Financial Officer

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	Rs. in Lacs March 2016	Rs. in Lacs March 2015
I. Revenue from Operations .....	15	49,536.90	32,830.44
II. Other Income .....	16	7.83	14.03
<b>III. Total Revenue (I + II) .....</b>		<b>49,544.73</b>	<b>32,844.47</b>
<b>IV. Expenses:</b>			
Employee Benefits Expense .....	17	9,218.31	6,528.93
Finance Costs .....	18	21,332.05	14,112.07
Depreciation and Amortization Expense .....	19	343.34	275.01
Loan Provisions and Write Offs .....	20	3,873.47	1,829.51
Other Expenses .....	21	5,107.92	3,367.15
<b>Total Expenses .....</b>		<b>39,875.09</b>	<b>26,112.67</b>
<b>V. Profit Before Tax (III - IV) .....</b>		<b>9,669.64</b>	<b>6,731.80</b>
<b>VI. Tax expense:</b>			
(1) Current Tax .....		3,818.00	2,394.00
(2) Deferred Tax .....		(488.29)	(138.26)
(3) Short Provision for Income Tax - earlier years .....		71.90	58.72
		<b>3,401.61</b>	<b>2,314.46</b>
<b>VII. Profit/(Loss) for the year (V - VI) .....</b>		<b>6,268.03</b>	<b>4,417.34</b>
<b>VIII. Earnings per Equity Share (Rupees):</b>			
(Face value - Rs. 10/- per share)			
(1) Basic .....		9.53	7.15
(2) Diluted .....		9.53	7.15
<b>Summary of significant accounting policies and notes to the financial statements I &amp; II</b>			

The notes referred to above form an integral part of the Statement of Profit & Loss.  
This is the Statement of Profit & Loss referred in our report of even date.

**For B. K. Khare & Co.**  
Chartered Accountants  
(FRN: 105102W)

**Ramesh Iyer**  
Chairman

**Nityanath Ghanekar**  
Director

**Anjali Raina**  
Director

**V. Ravi**  
Director

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825  
Mumbai, 15<sup>th</sup> April 2016

**K. Chakravarthy**  
Director

**K. Chandrasekar**  
Director

**M. Narendra**  
Director

**Anuj Mehra**  
Managing Director

**Arnavaz Pardiwala**  
Company Secretary

**Dharmesh Vakharia**  
Chief Financial Officer

**CASH FLOW STATEMENT AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Rs. in Lacs March 2016	Rs. in Lacs March 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes and contingencies and exceptional items.....	9,669.64	6,731.80
<b>Add/(Less) : Adjustment For</b>		
Depreciation and amortisation expenses.....	343.34	275.01
Loss/(profit) on sale of fixed assets .....	4.13	5.48
Provision for Non Performing Assets .....	3,112.64	1,379.41
General Provision for Standard Assets .....	422.75	273.83
<b>Operating profit before working capital changes .....</b>	<b>13,552.50</b>	<b>8,665.53</b>
Less: (Increase)/decrease in loans and advances .....	(117,127.48)	(74,420.48)
Add : Increase in current liabilities .....	9,786.92	5,293.93
Cash generated from/(used in) operations .....	(93,788.06)	(60,461.02)
Advance taxes paid .....	(3,963.31)	(2,299.52)
<b>Net Cash Generated from/(Used In) Operating Activities (A) .....</b>	<b>(97,751.37)</b>	<b>(62,760.54)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES .....</b>		
Purchase of fixed assets/Software.....	(785.05)	(303.49)
Sale of fixed assets .....	8.76	12.67
<b>Net Cash Generated from/(Used In) Investing Activities (B) .....</b>	<b>(776.29)</b>	<b>(290.82)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Shares (net of issue expenses).....	3,992.82	2,502.86
Proceeds from long-term borrowings.....	80,700.00	139,157.00
Repayment of long-term borrowings.....	(17,524.83)	(79,053.55)
Increase/(Decrease) in short-term borrowings (net) .....	32,525.21	1,499.23
Dividend paid on equity shares .....	(854.58)	(612.98)
Tax on equity dividend paid.....	(173.99)	(104.18)
<b>Net Cash Generated from/(Used In) Financing Activities (C) .....</b>	<b>98,664.63</b>	<b>63,388.39</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C) .....</b>	<b>136.97</b>	<b>337.03</b>
Cash and cash equivalents at the beginning of the year.....	990.24	653.21
<b>Cash and cash equivalents at the end of the year (Refer Note no. 12).....</b>	<b>1,127.21</b>	<b>990.24</b>

Note : The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard-3 'Cash Flow Statement'

**For B. K. Khare & Co.**  
Chartered Accountants  
(FRN: 105102W)

**Ramesh Iyer**  
Chairman

**Nityanath Ghanekar**  
Director

**Anjali Raina**  
Director

**V. Ravi**  
Director

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825  
Mumbai, 15<sup>th</sup> April 2016

**K. Chakravarthy**  
Director

**K. Chandrasekar**  
Director

**M. Narendra**  
Director

**Anuj Mehra**  
Managing Director

**Arnavaz Pardiwala**  
Company Secretary

**Dharmesh Vakharia**  
Chief Financial Officer

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

### Note I

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2016.

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### 1.1 Basis for Preparation of Financial Statements

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, Assets classification and provisioning for Non-performing Assets as well as contingency provision for Standard Assets as prescribed by The National Housing Bank for Housing Finance Companies.

##### 1.2 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### 1.3 Revenue Recognition

###### a. General:

Revenue is recognised when it is reasonably certain that it is measurable and further that it would not be unreasonable to expect its ultimate collection.

###### b. Income from Loans:

- i. Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
- ii. Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.
- iii. Delayed payment charges and fee based income are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.
- iv. Income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

###### c. Income From Investments:

- i. Dividend from investments is accounted for as income when the right to receive dividend is established.
- ii. Interest income is accounted on accrual basis.

##### 1.4 Fixed Assets, Depreciation and Amortization

###### a. Tangible Assets:

Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation. Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

###### b. Depreciation on Tangible Assets

Depreciation on fixed assets is charged on the basis of the useful life of the assets as specified in Schedule II to The Companies Act, 2013 except for:

- i. Vehicles used by employees are depreciated over the maximum period of 48 months based on the useful life of vehicle for the Company.

- ii. Assets costing less than Rs. 5000/- are fully depreciated in the period of purchase.

##### 1.5 Foreign Exchange Transactions and Translations

###### a. Initial recognition:

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

###### b. Conversion

- i. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
- ii. Non-monetary items, which are measured in terms of historical Cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

###### c. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- i. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
- ii. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

##### 1.6 Investments

Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments or in accordance with the norms prescribed by National Housing Bank and Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

##### 1.7 Loan Against Assets

Loan against assets are stated at agreement value net of installments received less unmatured finance charges.

##### 1.8 Share Issue Expenses

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities premium reserve in the year in which they are incurred.

##### 1.9 Lease

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

##### 1.10 Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted

average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 1.11 Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

### 1.12 Employee Benefits

#### a. Contribution to provident fund

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

#### b. Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

#### c. Superannuation

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its monthly contributions.

#### d. Leave encashment/compensated absences/sick leave

The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

### 1.13 Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings.

### 1.14 Impairment of Assets

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

### 1.15 Provisions for Non Performing Assets (NPA)

Housing loans are classified into "Performing" and "Non Performing" assets in terms of guidelines laid down by the National Housing Bank.

The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines.

### 1.16 Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

#### Note 1

#### Share Capital:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Authorised Capital:</b>		
100,000,000 Equity shares of Rs. 10/- each	10,000.00	10,000.00
<b>Issued Capital:</b>		
75,729,181 Equity shares of Rs. 10/- each (Previous year 65,737,137 Equity shares of Rs. 10/- each fully paid up)	7,572.92	6,573.71
<b>Subscribed and Paid-up Capital:</b>		
75,729,181 Equity shares of Rs. 10/- each fully paid up (Previous year 65,737,137 Equity shares of Rs. 10/- each fully paid up)	7,572.92	6,573.71
<b>Total</b>	<b>7,572.92</b>	<b>6,573.71</b>

Particulars	March 2016	March 2015
<b>Other quantitative information:</b>		
<b>a) Reconciliation of Number of Equity Shares :</b>		
Balance at the beginning of the year	65,737,137	65,737,137
Issue of Rights Shares	9,992,044	-
Balance at the end of the period	<b>75,729,181</b>	<b>65,737,137</b>
<b>b) Reconciliation of Equity Shares - in Value</b>		
Balance at the beginning of the year	6,573.71	5,572.57
Add : Issue of Right Shares (Equity Share 9,992,044 @ Rs. 10/- Each)	999.21	
(Previous year call made for partly paid up shares Rs. 5/- per Share - 20,022,857 Equity Shares)		1,001.14
Balance at the end of the period	<b>7,572.92</b>	<b>6,573.71</b>
<b>c) Number of Equity Shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates -</b>		
Holding Company: Mahindra & Mahindra Financial Services Limited	66,263,043	57,520,003
(including 6 shares held jointly with nominees)		
Percentage of Holding (%)	87.50%	87.50%
<b>d) Shareholders Holding more than 5% Shares :</b>		
Mahindra & Mahindra Financial Services Limited	66,263,043	57,520,003
Percentage of holding (%)	87.50%	87.50%
National Housing Bank	9,466,138	8,217,134
Percentage of holding (%)	12.50%	12.50%

<b>Note 2</b>				<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
<b>Reserves and Surplus:</b>				<b>March 2016</b>	<b>March 2015</b>
<b>Particulars</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>	<b>Particulars</b>		
	<b>March 2016</b>	<b>March 2015</b>			
<b>Securities Premium Reserve:</b>			<b>b) Unsecured -</b>		
Balance as at the beginning of the year	2,998.42	1,496.71	Unsecured bonds (Subordinate Debt) {refer note no 24 (i)}	6,700.00	700.00
Add : Received during the year on account of fully paid up shares	2,997.61	1,501.71	Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	2,000.00	6,656.50
Less : Deduction during the year in respect of shares issue expenses	4.00	-	<b>Total</b>	<b>8,700.00</b>	<b>7,356.50</b>
<b>Net balance as at the end of the year</b>	<b>5,992.03</b>	<b>2,998.42</b>	<b>Total (a+b)</b>	<b>204,106.47</b>	<b>149,705.07</b>
<b>Statutory Reserve:</b>			<b>Note 4</b>		
(As per Section 29C of the National Housing Bank Act, 1987) {refer note no 22}			<b>Long Term Provisions:</b>		
Balance as at the beginning of the year	3,554.93	2,079.93	<b>Particulars</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
Add : Transfer from surplus in the Statement of Profit and Loss	2,325.00	1,475.00	Provision for employee benefits {refer note no 2.13}	98.93	71.41
<b>Balance as at the end of the year</b>	<b>5,879.93</b>	<b>3,554.93</b>	Provision for Non performing assets {refer note no 2.2}	2,448.91	1,255.03
<b>General Reserve :</b>			Contingent provision for Standard assets {refer note no 2.2}	943.39	608.79
Balance as at the beginning of the year	290.00	68.00	<b>Total</b>	<b>3,491.23</b>	<b>1,935.23</b>
Add : Transfer from surplus in the Statement of Profit and Loss	-	222.00	<b>Note 5</b>		
<b>Balance as at the end of the year</b>	<b>290.00</b>	<b>290.00</b>	<b>Short Term Borrowings:</b>		
<b>Surplus in Statement of Profit and Loss :</b>			<b>Particulars</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
<b>Balance as at the beginning of the year</b>	<b>3,898.79</b>	<b>2,934.78</b>	Loans from banks {refer note 25}	13,300.00	2,900.00
Add : Profit for the current period transferred from Statement of Profit and Loss	6,268.03	4,417.34	Cash Credit facilities with banks {refer note 25}	1,094.45	649.23
	<b>10,166.82</b>	<b>7,352.12</b>	<b>Total</b>	<b>14,394.45</b>	<b>3,549.23</b>
<b>Less: Appropriations:</b>			<b>b) Unsecured -</b>		
General Reserve	-	222.00	Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	2,255.00	575.00
Special Reserve	2,300.00	1,450.00	Commercial paper (CPs) {refer note no 26}	20,000.00	-
Additional Special Reserve	25.00	25.00	<b>Total</b>	<b>22,255.00</b>	<b>575.00</b>
Proposed Dividend On Equity Shares (refer note 2.18)	-	854.58	<b>Total</b>	<b>36,649.45</b>	<b>4,124.23</b>
Corporate Dividend Tax on Equity Shares (refer note 2.18)	-	173.99	<b>Note 6</b>		
Additional depreciation charged due to change in useful life (refer note 2.7)	-	21.68	<b>Trade Payables:</b>		
Deferred Tax Liability on Special Reserve (refer note 2.6 )	-	706.08	<b>Particulars</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
	<b>2,325.00</b>	<b>3,453.33</b>	<b>a) Finance</b>	<b>March 2016</b>	<b>March 2015</b>
<b>Balance as at the end of the year</b>	<b>7,841.82</b>	<b>3,898.79</b>	Outstanding dues of Micro Enterprises and Small Enterprises	-	-
<b>Total</b>	<b>20,003.78</b>	<b>10,742.14</b>	Other Outstanding dues	1,712.91	1,111.21
<b>Note 3</b>			<b>b) Expenses and Others</b>		
<b>Long Term Borrowings:</b>			Outstanding dues of Micro Enterprises and Small Enterprises	-	-
<b>Particulars</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>	Other Outstanding dues	1,385.77	939.11
<b>a) Secured -</b>	<b>March 2016</b>	<b>March 2015</b>	<b>Total</b>	<b>3,098.68</b>	<b>2,050.32</b>
Term Loans:			<b>Note 6</b>		
- from banks {refer note no 23 (i)}	180,220.47	120,666.08	<b>Trade Payables:</b>		
- from National Housing Bank {refer note no 23 (ii)}	15,186.00	21,682.49	<b>Particulars</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
<b>Total</b>	<b>195,406.47</b>	<b>142,348.57</b>	<b>a) Finance</b>	<b>March 2016</b>	<b>March 2015</b>
			Outstanding dues of Micro Enterprises and Small Enterprises	-	-
			Other Outstanding dues	1,712.91	1,111.21
			<b>b) Expenses and Others</b>		
			Outstanding dues of Micro Enterprises and Small Enterprises	-	-
			Other Outstanding dues	1,385.77	939.11
			<b>Total</b>	<b>3,098.68</b>	<b>2,050.32</b>



**Note 7**
**Other Current Liabilities:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Current Maturities of Long Term Debt</b>		
<b>a) Secured -</b>		
Term Loans:		
– From banks {refer note no. 23 (i)}	15,145.61	8,223.39
– From National Housing Bank {refer note no 23 (ii)}	6,109.49	7,039.44
	<u>21,255.10</u>	<u>15,262.83</u>
<b>b) Unsecured -</b>		
Loans and Advances from related parties (ICDs) {refer note no. 24 (ii)}	4,656.50	1,875.00
	<u>4,656.50</u>	<u>1,875.00</u>
Interest Accrued but not due on Borrowings	1,977.00	1,364.63
Credit balances in Current Accounts with Banks as per books	21,884.83	14,338.03
Statutory & Other Liabilities	226.63	156.78
<b>Total</b>	<u><b>50,000.06</b></u>	<u><b>32,997.27</b></u>

**Note 8**
**Short-term provisions:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Provision for Employee Benefits {refer note no 2.13}	1,338.15	856.14
<b>Others</b>		
Provision for Non Performing Assets {refer note no. 2.2}	3,450.11	1,531.35
Contingent Provisions against Standard Assets {refer note no. 2.2}	271.01	182.86
Proposed Dividend on equity shares (refer note no. 2.18)	–	854.58
Corporate Dividend Tax (refer note no. 2.18)	–	173.99
Provision for Taxation (net of taxes paid)	142.11	215.51
<b>Total</b>	<u><b>5,201.38</b></u>	<u><b>3,814.43</b></u>

**Note 9**
**Fixed Assets:**

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK		
	As at 1 <sup>st</sup> April, 2015	Additions	Deductions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	Transitional Depreciation#	Additions	Deductions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2016
	<b>i) Tangible Assets:</b>										
Buildings	–	23.12	–	23.12	–	–	0.13	–	0.13	–	22.99
Computers	331.34	205.24	–	536.58	202.14	–	112.91	0.77	314.28	129.20	222.30
Furniture and Fixtures	257.61	77.94	4.21	331.34	72.05	21.50	111.61	3.02	202.14	185.56	129.20
Vehicles	148.83	96.66	1.93	243.56	69.66	–	52.66	1.80	120.52	79.17	123.04
Office Equipment	109.76	39.07	–	148.83	52.32	–	17.34	–	69.66	57.44	79.17
	297.20	121.74	16.50	402.44	109.41	–	53.77	7.34	155.84	187.79	246.60
	314.22	31.32	48.34	297.20	95.59	–	49.68	35.86	109.41	218.63	187.79
	471.06	264.66	11.69	724.03	176.35	–	123.87	7.32	292.90	294.71	431.13
	353.55	135.16	17.65	471.06	92.95	0.18	96.38	13.16	176.35	260.60	294.71
<b>Total</b>	<u>1,248.43</u>	<u>711.42</u>	<u>30.12</u>	<u>1,929.73</u>	<u>557.56</u>	<u>–</u>	<u>343.34</u>	<u>17.23</u>	<u>883.67</u>	<u>690.87</u>	<u>1,046.06</u>
	1,035.14	283.49	70.20	1,248.43	312.91	21.68	275.01	52.04	557.56	722.23	690.87

Previous year figures are in italics.

# represents transitional depreciation charge adjusted in opening balance of surplus in statement of profit and loss on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no.2.7)

**Note 10**
**Deferred Tax Assets (net):**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>a) Deferred tax assets</b>		
Provision for Non Performing Assets	2,060.77	964.31
Provision on Standard Assets	422.89	273.97
Difference between written down value of books of account and Income Tax Act, 1961	56.61	26.66
Other Disallowances	49.70	37.47
	<u>(a) 2,589.97</u>	<u>1,302.41</u>
<b>b) Deferred tax liabilities</b>		
Special Reserve	2,006.08	1,206.81
	<u>(b) 2,006.08</u>	<u>1,206.81</u>
<b>Deferred Tax Assets (Net)</b>	<u><b>583.89</b></u>	<u><b>95.60</b></u>

**Note 11**
**Long Term Loans and Advances:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Unsecured, Considered good unless otherwise stated:</b>		
Capital Advances	94.19	20.56
Deposits for Office Premises/Others	105.52	75.69
Other Loans and Advances		
– Employee Loans & Advances	12.17	7.03
– Prepaid Expenses	33.90	6.08
<b>Loans against Assets - Housing Loans (Secured):</b>		
– Loans against Assets - Housing Loans (Secured - Considered good)	235,536.20	151,932.21
– Loans against Assets - Housing Loans (Secured - Non Performing Assets)	11,628.36	6,176.00
<b>Loans against Assets - Others (Secured):</b>		
– Loans against Assets - Others (Secured - Considered good)	304.63	–
– Loans against Assets - Others (Secured - Non Performing Assets)	0.83	–
<b>Total</b>	<u><b>247,715.80</b></u>	<u><b>158,217.57</b></u>

**Note 12**

**Cash and bank balance**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Cash and Cash Equivalents:</b>		
Balance with Banks in Current Accounts	610.79	684.50
Cash on Hand	516.42	305.74
<b>Total</b>	<b>1,127.21</b>	<b>990.24</b>

**Note 13**

**Short Term Loans & Advances:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Unsecured, Considered good unless otherwise stated:</b>		
<b>Loans against Assets - Housing Loans (Secured)</b>		
- Loans against Assets - Housing Loans (Secured - Considered good)	66,810.78	45,634.14
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	12,055.79	6,089.29
<b>Loans against Assets - Others (Secured)</b>		
- Loans against Assets - Others (Secured - Considered good)	114.41	-
- Loans against Assets - Others (Secured - Non Performing Assets)	0.99	-
<b>Other Loans and Advances</b>		
- Employee Loans & Advances	37.31	28.47
- Prepaid Expenses	609.46	185.38
- Other Short Term Advances	6.65	-
Deposits for Office Premises/Others	15.62	10.84
<b>Total</b>	<b>79,651.01</b>	<b>51,948.12</b>

**Note 14**

**Contingent Liabilities, Commitments (to the extent not provided for) and Changes in Provisions:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>I Contingent Liabilities and commitments (to the extent not provided for):</b>		
(a) Legal suits filed by customers in Consumer Forums and civil courts claiming compensation from the company	10.04	15.18
(b) Demand against the company not acknowledged as debts - Income Tax	37.76	37.76
<b>Total</b>	<b>47.80</b>	<b>52.94</b>
<b>II Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account	29.01	51.78
<b>Total</b>	<b>29.01</b>	<b>51.78</b>

**Note 15**

**Revenue from Operations:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
a) <b>Interest Income</b>		
Income from Loans	45,058.64	29,740.41
Others (Employee Loans, etc)	2.65	1.06
<b>Total</b>	<b>45,061.29</b>	<b>29,741.47</b>

b) **Other Financial Services**

Service Charges and Other Fees on loan transactions	4,475.61	3,088.97
<b>Total (a + b)</b>	<b>4,475.61</b>	<b>3,088.97</b>
	<b>49,536.90</b>	<b>32,830.44</b>

**Note 16**

**Other Income:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Other non-operating income	7.83	14.03
<b>Total</b>	<b>7.83</b>	<b>14.03</b>

**Note 17**

**Employee Benefit Expenses:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Salary, Bonus and Incentives	8,281.59	5,893.72
Company's Contribution to Provident Funds and other funds	602.97	427.38
Employee Stock Compensation Costs	113.98	76.99
Staff Welfare Expenses	219.77	130.84
<b>Total</b>	<b>9,218.31</b>	<b>6,528.93</b>

**Note 18**

**Finance Cost:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Interest Expense	21,177.80	14,007.36
Other Borrowing Costs	154.25	104.71
<b>Total</b>	<b>21,332.05</b>	<b>14,112.07</b>

**Note 19**

**Depreciation and Amortization Expense:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Depreciation on Tangible Assets {refer note no 2.7}	343.34	275.01
<b>Total</b>	<b>343.34</b>	<b>275.01</b>

**Note 20**

**Loan provisions and Write Offs :**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Provision for Non Performing Assets (net)	3,112.64	1,379.41
General Provision on Standard Assets	422.75	273.83
Bad Debts and Write Offs	338.08	176.27
<b>Total</b>	<b>3,873.47</b>	<b>1,829.51</b>

**Note 21**

**Other Expenses:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Electricity Charges	41.23	26.60
Rent	198.21	139.63
Repairs & Maintenance -		
- Buildings	83.93	11.49
- Others	10.00	3.71

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Insurance	234.72	150.29
Rates & Taxes, excluding taxes on income	37.21	16.40
Directors' sitting fees and commission	20.43	0.30
Commission & Brokerage	0.33	-
Legal & Professional Charges	459.39	239.94
Travelling & Conveyance Expenses	1,730.92	1,212.98
Administration Support Charges	427.33	381.87
Loss on Sale/Disposal of Owned Assets	4.13	5.48
Payments to the Auditor -		
(a) as auditor	7.53	5.04
(b) for other services	10.66	6.48
(c) for reimbursement of expenses	0.02	0.07
Corporate Social Responsibility Expenditure {refer note no 2.10}	109.43	66.85
General and Administrative Expenses	1,732.45	1,100.02
<b>Total</b>	<b>5,107.92</b>	<b>3,367.15</b>

**Note 22**
**Movement of Statutory Reserve**
**(As per Section 29C of the National Housing Bank Act, 1987)**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Balance at the beginning of the period</b>		
(a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	35.00	10.00
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	3,519.93	2,069.93
<b>Total</b>	<b>3,554.93</b>	<b>2,079.93</b>

**Addition/Appropriation/Withdrawal during the period**

Add: (a) Amount Transferred u/s 29C of the NHB Act, 1987	25.00	25.00
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	2,300.00	1,450.00
Less: (a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	-	-
(b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	-	-

**Balance at the end of the period**

(a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	60.00	35.00
--	-------	-------

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	5,819.93	3,519.93
<b>Total</b>	<b>5,879.93</b>	<b>3,554.93</b>

**Note 23 (i)**
**SECURED - LONG TERM BORROWINGS**
**Secured Term Loans from Banks (Secured loans against assets - Housing Loans and Book debts)**

As on 31st March, 2016				Rs. in Lacs
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
<b>1) Repayable on maturity:</b>				
a) Maturity beyond 3 years	9.65% - 9.75%	25,000.00	-	25,000.00
b) Maturing between 1 year to 3 years	9.65% - 9.70%	55,000.00	-	55,000.00
c) Maturing within 1 year	-	-	-	-
<b>Total repayable on maturity</b>		<b>80,000.00</b>	<b>-</b>	<b>80,000.00</b>
<b>2) Repayable in installments:</b>				
<b>i) Quarterly:</b>				
a) Maturity beyond 3 years	9.30%	3,888.89	-	3,888.89
b) Maturing between 1 year to 3 years	9.30%	6,798.25	-	6,798.25
c) Maturing within 1 year	9.30% - 9.71%	-	5,912.28	5,912.28
<b>Total</b>		<b>10,687.14</b>	<b>5,912.28</b>	<b>16,599.42</b>
<b>ii) Half-Yearly:</b>				
a) Maturity beyond 3 years	9.70%	3,333.33	-	3,333.33
b) Maturing between 1 year to 3 years	9.70%	10,000.00	-	10,000.00
c) Maturing within 1 year	9.70%	-	4,733.33	4,733.33
<b>Total</b>		<b>13,333.33</b>	<b>4,733.33</b>	<b>18,066.66</b>
<b>iii) Yearly:</b>				
a) Maturity beyond 3 years	9.34% - 9.63%	45,100.00	-	45,100.00
b) Maturing between 1 year to 3 years	9.34% - 9.63%	31,100.00	-	31,100.00
c) Maturing within 1 year	9.50% - 9.63%	-	4,500.00	4,500.00
<b>Total</b>		<b>76,200.00</b>	<b>4,500.00</b>	<b>80,700.00</b>
<b>Total repayable on installments</b>		<b>100,220.47</b>	<b>15,145.61</b>	<b>115,366.08</b>
<b>Total (1+2)</b>		<b>180,220.47</b>	<b>15,145.61</b>	<b>195,366.08</b>

As on 31st March, 2015				Rs. in Lacs
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
<b>1) Repayable on maturity:</b>				
a) Maturity beyond 3 years	10.20% - 10.50%	30,000.00	-	30,000.00
b) Maturing between 1 year to 3 years	10.25% - 10.30%	45,000.00	-	45,000.00
c) Maturing within 1 year	-	-	-	-

As on 31st March, 2015		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
<b>Total repayable on maturity</b>		<b>75,000.00</b>	–	<b>75,000.00</b>
<b>2) Repayable in installments:</b>				
<b>i) Quarterly:</b>				
a) Maturity beyond 3 years	10.00%	1,666.67	–	1,666.67
b) Maturing between 1 year to 3 years	10.00% - 10.80%	4,932.75	–	4,932.75
c) Maturing within 1 year	10.00% - 10.80%	–	3,690.06	3,690.06
<b>Total</b>		<b>6,599.42</b>	<b>3,690.06</b>	<b>10,289.48</b>
<b>ii) Half-Yearly:</b>				
a) Maturity beyond 3 years	10.25%	6,666.67	–	6,666.67
b) Maturing between 1 year to 3 years	10.25%	11,400.00	–	11,400.00
c) Maturing within 1 year	10.25%	–	4,533.33	4,533.33
<b>Total</b>		<b>18,066.67</b>	<b>4,533.33</b>	<b>22,600.00</b>
<b>iii) Yearly:</b>				
a) Maturity beyond 3 years	10.15% - 10.20%	12,000.00	–	12,000.00
b) Maturing between 1 year to 3 years	10.15% - 10.20%	9,000.00	–	9,000.00
c) Maturing within 1 year	–	–	–	–
<b>Total</b>		<b>21,000.00</b>	–	<b>21,000.00</b>
<b>Total repayable on installments</b>		<b>45,666.09</b>	<b>8,223.39</b>	<b>53,889.48</b>
<b>Total (1+2)</b>		<b>120,666.09</b>	<b>8,223.39</b>	<b>128,889.48</b>

**Note 23 (ii)**  
**Secured Term Loans from NHB (Secured loans against assets - Housing Loans and Book debts)**

As on 31st March, 2016		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
<b>1) Repayable in installments:</b>				
<b>i) Quarterly:</b>				
a) Maturity beyond 3 years	8.85% - 9.55%	5,322.88	–	5,322.88
b) Maturing between 1 year to 3 years	8.85% - 9.70%	9,863.12	–	9,863.12
c) Maturing within 1 year	6.00% - 10.15%	–	6,109.49	6,109.49
<b>Total</b>		<b>15,186.00</b>	<b>6,109.49</b>	<b>21,295.49</b>

As on 31st March, 2015		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
<b>1) Repayable in installments:</b>				
<b>i) Quarterly:</b>				
a) Maturity beyond 3 years	9.15% - 10.05%	10,092.19	–	10,092.19
b) Maturing between 1 year to 3 years	6.00% - 10.15%	11,590.30	–	11,590.30
c) Maturing within 1 year	6.00% - 10.30%	–	7,039.44	7,039.44
<b>Total</b>		<b>21,682.49</b>	<b>7,039.44</b>	<b>28,721.93</b>

**Note 24 (i)**  
**UNSECURED BORROWINGS**  
**Subordinated Debts (Long Term)**

As on 31st March, 2016		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
<b>1) Repayable on maturity:</b>					
a) Maturity beyond 3 years (Listed)	9.25% - 9.50%	6,000.00	–	–	6,000.00
b) Maturing between 1 year to 3 years	11.00%	700.00	–	–	700.00
c) Maturing within 1 year	–	–	–	–	–
<b>Total repayable on maturity</b>		<b>6,700.00</b>	–	–	<b>6,700.00</b>

As on 31st March, 2015		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
<b>1) Repayable on maturity:</b>					
a) Maturity beyond 3 years	11.00%	700.00	–	–	700.00
b) Maturing between 1 year to 3 years	–	–	–	–	–
c) Maturing within 1 year	–	–	–	–	–
<b>Total repayable on maturity</b>		<b>700.00</b>	–	–	<b>700.00</b>

**Note 24 (ii)**  
**Inter - Corporate Deposits (ICD)**

As on 31st March, 2016		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
<b>1) Repayable on maturity:</b>					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	9.80%	2,000.00	–	–	2,000.00
c) Maturing within 1 year	8.50% - 10.50%	–	2,255.00	4,656.50	6,911.50
<b>Total repayable on maturity</b>		<b>2,000.00</b>	<b>2,255.00</b>	<b>4,656.50</b>	<b>8,911.50</b>

As on 31st March, 2015		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
<b>1) Repayable on maturity:</b>					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	9.80% - 10.50%	6,656.50	–	–	6,656.50
c) Maturing within 1 year	9.10% - 9.75%	–	575.00	1,875.00	2,450.00
<b>Total repayable on maturity</b>		<b>6,656.50</b>	<b>575.00</b>	<b>1,875.00</b>	<b>9,106.50</b>

**Note 25**  
**SHORT TERM BORROWINGS**  
**Secured Short Term Loans / Cash Credit from Bank (Secured loans against assets - Housing Loans and Books debts)**

As on 31st March, 2016		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	Total	
<b>1) Repayable on maturity:</b>					
a) Maturing within 1 year	9.10% - 10.75%	–	14,394.45	14,394.45	
<b>Total</b>		–	<b>14,394.45</b>	<b>14,394.45</b>	

As on 31st March, 2015		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	Total	
<b>1) Repayable on maturity:</b>					
a) Maturing within 1 year	10.20% - 10.50%	–	3,549.23	3,549.23	
<b>Total</b>		–	<b>3,549.23</b>	<b>3,549.23</b>	

**Note 26**  
**Commercial Paper Borrowings**

As on 31st March, 2016		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	Total	
<b>1) Repayable on maturity:</b>					
a) Maturing within 1 year	8.90% - 9.40%	–	20,000.00	20,000.00	
<b>Total</b>		–	<b>20,000.00</b>	<b>20,000.00</b>	

As on 31st March, 2015		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	Total	
<b>1) Repayable on maturity:</b>					
a) Maturing within 1 year	–	–	–	–	
<b>Total</b>		–	–	–	

**Note II**

**NOTES TO THE ACCOUNTS:**

**2.1** The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing Assets in preparation of accounts.

**Classification of loans are given below:**

Rs. in Lacs				
Particulars	Standard Assets	Sub Standard Assets	Bad & Doubtful Assets	Total
<b>As at March 31, 2016</b>				
Housing Loans - Secured	302,346.98	14,346.37	9,337.78	<b>326,031.13</b>
Other Loans & Advances - Secured	419.04	1.82	-	<b>420.86</b>
Other Loans and Advances	820.62	-	-	<b>820.62</b>
Percentage to Total Loans	92.77%	4.38%	2.85%	<b>100.00%</b>
<b>As at March 31, 2015</b>				
Housing Loans	197,566.35	7,607.03	4,658.26	<b>209,831.63</b>
Other Loans	313.50	-	-	<b>313.50</b>
Percentage to Total Loans	94.16%	3.62%	2.22%	<b>100.00%</b>

**2.2** The Company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the Company as on 31<sup>st</sup> March 2016 is Rs. 612.67 Lacs (March 2015: Rs. 225.03 Lacs).

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, the Company has made a provision @ 0.40 % on outstanding Standard Assets.

Rs. in Lacs				
Particulars	Standard	Sub Standard	Doubtful	Loss
Provisions made:				
<b>As at March 31, 2016</b>				
Housing Loans - Secured	1,209.42	2,554.84	3,212.15	131.76
Other Loans & Advances - Secured	1.68	0.27	-	-
Other Loans & Advances	3.30	-	-	-
<b>As at March 31, 2015</b>				
Housing Loans	790.30	1,297.07	1,408.97	80.34
Other Loans	1.35	-	-	-

**2.3** In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", the following are the details of the movement in provisions for the period ending 31<sup>st</sup> March, 2016:

Rs. in Lacs				
Particulars	As at April 01, 2015	Additional Provision	Utilizations/ Reversals	As at March 31, 2016
Provision on Standard Assets	791.65	422.75	-	<b>1,214.40</b>
Provision for Non Performing Assets	<b>2,786.38</b>	3,555.26	442.62	<b>5,899.02</b>

**2.4** Loan receivable includes Rs. 6,959.07 Lacs outstanding towards financing of insurance as of March 31, 2016 and Rs. 5,025.67 Lacs as of March 31, 2015.

**2.5** As per Section 29C (i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a Reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and Section 29C of the National Housing Bank Act,

1987, as amended, at year end. The Company does not anticipate any withdrawal from Special Reserve in foreseeable future.

**2.6** In the previous year in terms of requirements of Circular NHB(ND)/DRS/Policy Circular No. 62/2014 issued by NHB, the Company has created deferred tax liability on the Special Reserve. Further Vide another circular NHB(ND)/DRS/Policy Circular 65/2014 dated August 22, 2014, the National Housing Bank ("NHB") has directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to "Special Reserve" created under Section 36(1)(viii) of the Income Tax Act, 1961. As per above circular, NHB has advised HFCs to create deferred tax liability in respect of accumulated balance of Special Reserve as on April 1, 2014 from the reserves over a period of 3 years starting with current financial year, in a planned manner in the ratio of 25:25:50. However the Company had created 100% of deferred tax liability (as per Circular No. 62/2014) of Rs. 706.08 Lacs on accumulated Special Reserve as on April 1, 2014 out of opening balance of surplus in Profit and Loss as on April 1, 2014.

**2.7** In the previous year consequent to the enactment of The Companies Act, 2013, the Company had charged depreciation on its fixed assets as per the useful life prescribed in Schedule II to the Act or useful life as assessed by the management (refer Accounting Policies note 1.4). Consequently, depreciation charged for the previous period is increased by Rs. 55.52 Lacs. Further additional depreciation of Rs. 21.68 Lacs, on the fixed assets in respect of which useful life was fully exhausted as at April 1, 2014, was adjusted against the opening balance of surplus in the Profit and Loss.

**2.8** The Company is not required to make provision for diminution in value of investments, as per NHB norms, as the Company does not hold any investment.

**2.9** The Company has not granted any loans or advances against collateral of gold jewellery.

**2.10** During the year the Company has incurred CSR expenses of Rs. 109.43 Lacs (Previous year provision Rs. 66.85 Lacs) as per the requirement of Section 135 of The Companies Act, 2013. The said expenditure represents contribution made to trust which are engaged in the activity prescribed under the said section read with Schedule VII to the Act.

**2.11** Bad Debts and Write offs includes loss on termination of Rs. 48.53 Lacs (March 2015 Rs. 22.78 Lacs) which mainly represents shortfall on settlement of certain contracts due to lower realization from such loan assets on account of poor financial position of such customers. Bad Debts recovery of Rs. 12.07 Lacs (Previous year NIL) was made in current year.

**2.12** In the opinion of the Board, Current assets, Loans and Advances are of the value stated, if realized, in the ordinary course of business.

**2.13** Employee Benefits:

Defined Benefit Plans - As per Actuarial valuation on March 2016.

Rs. in Lacs							
		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15
<b>i.</b>	<b>Expense recognised in the Statement of Profit &amp; Loss Account for the period ending 31<sup>st</sup> March 2016</b>						
1	Current service cost	131.19	90.89	23.55	16.22	188.78	145.66
2	Interest cost	8.77	6.02	1.20	0.84	8.93	6.14
3	Expected return on plan assets	(9.26)	(6.33)	-	-	-	-
4	Actuarial (Gains)/ Losses	(92.03)	(60.09)	(13.97)	(12.73)	(168.04)	(106.98)
5	Adjustment due to opening balance	-	1.16	-	-	-	-

Rs. in Lacs

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15
6	Transfer from MBCSPL	-	(13.81)	-	-	-	-
7	<b>Total expenses</b>	<b>38.67</b>	<b>17.84</b>	<b>10.78</b>	<b>4.33</b>	<b>29.67</b>	<b>44.82</b>
<b>II. Net asset/(liability) recognised in the Balance Sheet as at 31st March 2016</b>							
1	Present Value of Defined Benefit obligation as at 31st March	131.66	91.92	23.38	12.60	111.66	92.52
2	Fair value of plan assets as at 31st March	125.44	90.86	-	-	-	-
3	Funded status (surplus/(deficit))	(6.22)	(1.06)	(23.38)	(12.60)	(111.66)	(92.52)
4	<b>Net asset/(liability) as at 31st March</b>	<b>(6.22)</b>	<b>(1.06)</b>	<b>(23.38)</b>	<b>(12.60)</b>	<b>(111.66)</b>	<b>(92.52)</b>
<b>III. Change in the obligations during the period ending 31st March 2016</b>							
1	Present Value of Defined Benefit obligation at the beginning of the year	<b>91.92</b>	<b>60.14</b>	<b>12.60</b>	<b>8.27</b>	<b>92.52</b>	<b>55.26</b>
2	Transfer of Projected benefit obligation from MBCSPL	-	0.30	-	-	-	-
3	Current service cost	131.19	90.89	23.55	16.22	188.78	145.66
4	Interest cost	8.77	6.02	1.20	0.84	8.93	6.14
5	Actuarial (Gains)/ Losses	(92.03)	(60.09)	(13.97)	(12.73)	(168.04)	(106.98)
6	Benefits paid	(8.19)	(5.34)	-	-	(10.53)	(7.56)
7	<b>Present Value of Defined Benefit obligation at the end of the period</b>	<b>131.66</b>	<b>91.92</b>	<b>23.38</b>	<b>12.60</b>	<b>111.66</b>	<b>92.52</b>
<b>IV. Change in the fair value of plan assets during the period ending 31st March 2016</b>							
1	Fair value of plan assets at the beginning of the year	90.86	47.77	-	-	-	-
2	Expected return on plan assets	9.26	6.33	-	-	-	-
3	Contributions by employer	33.51	28.29	-	-	-	-

Rs. in Lacs

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15
4	Actuarial (Gains)/ Losses	-	-	-	-	-	-
5	Actual Benefits paid	(8.19)	(5.34)	-	-	-	-
6	Transfer from MBCSPL	-	13.81	-	-	-	-
7	<b>Fair value of plan assets at the end of the period</b>	<b>125.44</b>	<b>90.86</b>	-	-	-	-
<b>V. Major category of plan assets as a percentage of total plan</b>							
	Funded with LIC	100%	100%	-	-	-	-
	Others						
<b>VI. Actuarial Assumptions</b>							
1	Discount Rate	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.
2	Expected Rate of return on plan assets	8.00 % p.a.	8.00 % p.a.	-	-	-	-
3	Rate of Salary increase	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.
4	In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	Indian Assured lives Mortality (2006-08) Ultimate				

**Experience Adjustments:**

		Period Ending				
		2012	2013	2014	2015	2016
1	Defined benefit obligations at end of the period	22.85	39.61	60.14	91.92	131.66
2	Plan assets at the end of period	32.34	35.88	48.93	90.86	125.44
3	Funded Status Surplus/ (Deficit)	9.48	(3.72)	(11.21)	(1.06)	(6.22)
4	Experience adjustments on plan liabilities (gain)/loss	(6.03)	(6.77)	(10.35)	(20.08)	(30.71)
5	Experience adjustments on plan assets gain/(loss)	----	----	----	----	----

**2.14** The Company has single reportable segment "Housing Finance business – Financial Services" for the purpose of Accounting Standard 17 (AS-17) on Segment Reporting.

**2.15** Earnings per share as required by Accounting Standard-20 (AS-20) read with the Guidance note on "Accounting for employee share based payments" is as follow:

Particulars	March 2016	March 2015
Net Profit after tax (Rs. In Lacs)	6,268.03	4,417.34
Weighted Average Number of Equity Shares of Rs. 10/- each - Basic (in Lacs)	657.92	618.15
Weighted Average Number of Equity Shares of Rs. 10/- each – Diluted (in Lacs)	657.92	618.15
Basic Earnings Per Share (Rs.)	9.53	7.15
Diluted Earnings Per Share (Rs.)	9.53	7.15

2.16 The Company has incurred a cost of Rs. 113.98 Lacs (previous year Rs. 76.99 Lacs) towards ESOP granted to its employees by Mahindra and Mahindra Financial Services Limited (MMFSL).

2.17 During the year Company has purchased immovable property at Chinchwad, Pune amounting to Rs. 23.12 Lacs. The same has been capitalized in the Buildings Block of Fixed Assets.

2.18 The Board of Directors have recommended a dividend of Rs. 1.40 per share on 7,57,29,181 Equity Shares of Rs. 10/- each for the current financial year. The dividend payout will absorb a sum of Rs. 1276.04 Lacs (including Dividend Distribution Tax). As per Companies (Accounting Standards) Amendment Rules 2016, issued by Ministry of Corporate Affairs, vide its Notification No. G.S.R.364 (E) dated 30th March, 2016, Accounting Standards (AS) 4 on Contingencies and Events Occurring After the Balance Sheet Date has been amended as per which proposed dividend is to be provided on actual distribution. Accordingly the Company has not provided for the said proposed dividend recommended by the Board of Directors.

2.19 The Company has incurred an expenditure in Foreign Currency towards:

- Foreign Travel Expenses Rs. 2.93 Lacs (previous year Rs. 0.74 Lacs)
- Conference Registration Charges Rs. NIL (previous year Rs. NIL Lacs)

2.20 Related Party Disclosure as per Accounting Standard 18:

**List of the related parties which have transactions with our Company during the year:**

<b>Ultimate Holding Company:</b>	Mahindra and Mahindra Limited
<b>Holding Company:</b>	Mahindra and Mahindra Financial Services Limited
<b>Fellow subsidiary Companies:</b>	Mahindra Insurance Brokers Limited Mahindra First Choice Services Ltd. NBS International Limited Mahindra Asset Management Company Private Limited Mahindra Integrated Business Solutions Pvt. Ltd. Mahindra Holidays & Resorts India Ltd.
<b>Key Management Personnel:</b>	Mr. Anuj Mehra (Managing Director)

Related Parties transactions are as under:					Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
1	Expenses Interest	Mahindra & Mahindra Financial Services Limited	567.27 (602.73)		

Related Parties transactions are as under:					Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
		Mahindra Insurance Brokers Limited		411.71 (402.67)	
		Mahindra AMC Private Limited		2.79 -	
	Other Expenses	Mahindra & Mahindra Limited	15.56 (13.81)		
		Mahindra & Mahindra Financial Services Limited	493.73 (517.99)		
		Mahindra First Choice Services Limited		0.83 (1.49)	
		NBS International Limited		0.03 (0.03)	
		Mahindra Integrated Business Solutions Pvt. Ltd.		14.88 -	
		Mahindra Holidays & Resorts India Ltd.		2.24 -	
	Employee Remuneration	Mahindra & Mahindra Financial Services Limited	113.98 (76.99)		
		Mr. Anuj Mehra			195.58 (131.77)
2	Equity Shares (Including Premium)	Mahindra & Mahindra Financial Services Limited	3,497.22 (2,190.00)		
3	Purchase of Fixed Assets (including CWIP & Capital Advance)	Mahindra & Mahindra Limited	54.71 -		
4	Dividend Dividend paid – for previous year (FY14-15)	Mahindra & Mahindra Financial Services Limited	747.76 (536.36)		

Related Parties transactions are as under:					Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
	Proposed Dividend for the current year	Mahindra & Mahindra Financial Services Limited	- (747.76)		
5	<b>Finance</b> Inter Corporate Deposits taken	Mahindra & Mahindra Financial Services Limited	- (69,107.00)		
		Mahindra Insurance Brokers Limited		- (1,550.00)	
		Mahindra AMC Private Limited		55.00 -	
	Inter Corporate Deposits repaid	Mahindra & Mahindra Financial Services Limited	- (64,974.38)		
		Mahindra Insurance Brokers Limited		250.00 (1,725.00)	
6	<b>Balances at the end of the period</b> Unsecured Subordinate Debts placed (including interest accrued)	Mahindra & Mahindra Financial Services Limited	700.76 (700.38)		
	Inter Corporate Deposits outstanding (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	5,189.14 (4,747.90)		
		Mahindra Insurance Brokers Limited		4,347.05	

Related Parties transactions are as under:					Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
				(4,613.84)	
		Mahindra AMC Private Limited		57.51 -	
	Payables	Mahindra & Mahindra Limited	10.34 (9.26)		
		Mahindra & Mahindra Financial Services Limited	66.57 (59.41)		
		Mahindra Insurance Brokers Limited		7.88 (4.33)	
		Mahindra First Choice Services Limited		0.65 -	
		Mahindra Integrated Business Solutions Pvt. Ltd		0.74 -	

Notes:

i) Figures in bracket represent corresponding figure of previous year.

**2.21** None of the suppliers have submitted their confirmation towards Micro, Small and Medium Enterprises, thus there is no principal or interest dues thereon outstanding to any such supplier at the end of accounting year.

**2.22** Previous year's figures have been regrouped/ reclassified wherever found necessary.

Signatures to Notes 1 to 26

**For B. K. Khare & Co.**  
Chartered Accountants  
(FRN: 105102W)

**Ramesh Iyer**  
Chairman

**Nityanath Ghanekar**  
Director

**Anjali Raina**  
Director

**V. Ravi**  
Director

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825  
Mumbai, 15<sup>th</sup> April 2016

**K. Chakravarthy**  
Director

**K. Chandrasekar**  
Director

**M. Narendra**  
Director

**Anuj Mehra**  
Managing Director

**Arnavaz Pardiwala**  
Company Secretary

**Dharmesh Vakharia**  
Chief Financial Officer



## Disclosure in the Balance Sheet

(as on: 31st March 2016)

### I. Capital to Risk Assets Ratio (CRAR)

	Items	Current Year	Previous Year
i)	CRAR (%)	23.6%	15.3%
ii)	CRAR – Tier I capital (%)	18.3%	14.3%
iii)	CRAR – Tier II Capital (%)	5.3%	1.0%

### II. Exposure to Real Estate Sector

(Rs. in Lacs)

	Category	Current Year	Previous Year
<b>a)</b>	<b>Direct exposure</b>		
	(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Of the above Individual housing loan upto Rs. 15 lakh	326,452 321,573	209,832 208,510
	(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures – a. Residential b. Commercial Real Estate	Nil	Nil
<b>b)</b>	<b>Indirect Exposure</b> Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

### III. Asset Liability Management

#### Maturity pattern of certain items of assets and liabilities

(Rs. in Lacs)

	1 day to 30-31 days (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Borrowings from banks	15,238	–	1,215	8,275	9,827	113,856	82,170	475	–	–	231,056
Market Borrowings	–	975	20,275	4,986	675	2,700	–	–	6,000	–	35,611
<b>Assets</b>											
Advances	7,067	5,303	4,988	17,006	32,036	112,960	96,889	31,292	7,494	12,325	327,360
Investments	–	–	–	–	–	–	–	–	–	–	–

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report along with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2016.

**1. Financial Results***(Amount in Rs. Crores)*

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March 2016</b>	For the year ended 31 <sup>st</sup> March 2015
Income	<b>149.20</b>	126.20
Profit before Interest, Depreciation and Taxation	<b>76.54</b>	66.52
Depreciation	<b>(1.34)</b>	(1.24)
Profit before Taxation	<b>75.20</b>	65.28
Provision for Taxation:		
Provision for Current Tax	<b>(26.96)</b>	(22.70)
Provision for Deferred Tax	<b>0.24</b>	0.36
	<b>(26.72)</b>	(22.34)
Profit after Taxation	<b>48.49</b>	42.94
Balance of Profit for prior years	<b>136.83</b>	102.17
Less: Depreciation (net of deferred tax) for earlier years	<b>(0.00)</b>	(0.10)
Amount available for Appropriation	<b>185.32</b>	145.01
<b>Appropriations:</b>		
Transfer to General Reserve	<b>0.00</b>	4.30
Dividend on Equity Shares (Proposed)	<b>3.87</b>	3.22
Tax on Dividend (Proposed)	<b>0.78</b>	0.66
Surplus carried to Balance Sheet	<b>180.67</b>	136.83

**2. Dividend**

Your Directors recommend a dividend of Rs. 15 per Equity Share on 25,77,320 Equity Shares of Rs. 10 each, aggregating to Rs. 3.87 crores. The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose. The dividend including dividend distribution tax, surcharge and education cess will absorb a sum of Rs. 4.65 crores (as against Rs. 3.88 crores on account of dividend of Rs. 12.50 per Equity Share, paid for the previous year).

**3. Reserves**

No amount is proposed to be transferred to General Reserve and an amount of Rs. 180.67 crores is proposed to be retained in the statement of Profit and loss.

**4. Operations**

The year ended 31<sup>st</sup> March, 2016 marked the 12<sup>th</sup> year of successful insurance broking operations of your Company. In this journey of 12 years, your Company has been able

to service over 6 million insurance cases, largely in the rural and semi-urban markets in India. Your Company has been able to reach the benefit of insurance to over 1,50,000 villages across India. Your Company endeavors to further increase insurance penetration in rural India as well as become a significant player in global insurance markets.

During the year under review, your Company serviced 1.3 million insurance cases, with a total of 1,330,929 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) increased from 4,59,781 lives covered with a Sum Assured of Rs. 13,515.4 crores in the Financial Year 2014-15 to 5,13,093 lives covered with a Sum Assured of Rs. 14,792.8 crores in the Financial Year 2015-16. This is in spite of the general economic slowdown witnessed during the year having a cascading impact on the auto-manufacturing and auto financing industry. A substantial portion of MLS continues to be covered in the rural markets.

Your Company achieved a growth of 24% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 1,002.7 crores in the Financial Year

2014-15 to Rs. 1,238.6 crores in the Financial Year 2015-16. The Total Income increased by 18% from Rs. 126.2 crores in the Financial Year 2014-15 to Rs. 149.2 crores in the Financial Year 2015-16. The Profit before Tax increased by 15% from Rs. 65.3 crores to Rs. 75.2 crores, and the Profit after Tax increased by 13% from Rs. 42.9 crores to Rs. 48.5 crores during the same period. The Networth increased by 26% from Rs. 171.9 crores in the financial year 2014-15 to Rs. 215.7 crores in the financial year 2015-16.

## 5. Achievements

During the year, your Company was appraised and rated at Maturity Level 3 of the People Capability Maturity Model® (People-CMM®), becoming the first Insurance Broking Company globally to achieve this international benchmark. MIBL joins the league of top companies across the globe practicing People-CMM®. Your Company's achievement of Maturity Level 3 demonstrates that it implements world-class best practices with respect to the management and development of its workforce.

Your Company was recipient of the Dataquest Business Technology Awards held at Hyatt Regency, Mumbai on August 19, 2015 under the category 'Analytics'. The Awards recognize organizations that have distinguished themselves by creating business value through innovative use of Information Technology.

Your Company was also recipient of the National Award in Theatre Category at the Engage4More Corporate Talent Championship Season 4 held at the Sahara Star Hotel in Mumbai on September 19, 2015, where talent was encouraged and recognized across singing, music, dance, bands and theatre. The theme of the 6-minute act put up by the team was 'Don't Drink and Drive'.

## 6. Share Capital

During the year under review, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise, nor has issued sweat equity. The Company has not formulated any Employees Stock Option Scheme during the year under review. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on 31<sup>st</sup> March, 2016, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

## 7. Directors

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. As on 31<sup>st</sup> March, 2016, the Company has seven directors of which one is Managing Director, 4 are Non-Executive Directors and two are Independent Directors. The Board reviews and approves strategy and oversees the actions and results of the management to ensure that the long term objectives of the enhancing stakeholders' value are met.

None of the Board of Directors holds directorships in more than 10 public companies. None of the directors are related to each other.

Mr. Hemant Sikka (DIN: 00922281) retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Nityanath Ghanekar (DIN: 00009725) and Ms. Anjali Raina (DIN: 02327927) were appointed as Independent Directors of the Company for a period of five years with effect from 30<sup>th</sup> March, 2015. These Independent Directors shall hold the office of directorship for a term of five years. None of the Independent Directors are due for reappointment.

## 8. Key Managerial Personnel

Ms. Rupa Joshi, qualified Company Secretary was appointed as the Company Secretary of the Company by the Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee at its meeting held on 15<sup>th</sup> July, 2015.

As at the date of this Report, the Key Managerial Personnel of the Company, as envisaged under the provisions of Section 203 of the Companies Act, 2013, are Dr. Jaideep Devare – Managing Director and Ms. Rupa Joshi – Company Secretary.

## 9. Board Meeting and Annual General Meeting

The Board of Directors met seven times in Financial Year 2015-16 viz. 15<sup>th</sup> April, 2015, 15<sup>th</sup> July, 2015, 30<sup>th</sup> September, 2015, 15<sup>th</sup> October, 2015, 27<sup>th</sup> October, 2015, 16<sup>th</sup> January, 2016, and 10<sup>th</sup> March, 2016. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013. Necessary quorum was present for all the meetings.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2015-16 and at the last Annual General Meeting of the Company held on 15<sup>th</sup> July, 2015 are as follows:

Names of Directors	Category	Attendance at the Board meetings held during the financial year 2015-16		Attendance at the last Annual General Meeting held on 15 <sup>th</sup> July, 2015 (Yes/No/N.A.)
		Held	Attended	
Mr. Rajeev Dubey (Chairman)	Non-Executive, Non-Independent	7	7	Yes
Mr. Uday Phadke*	Non-Executive, Non-Independent	2	2	Yes
Mr. Ramesh Iyer	Non-Executive, Non-Independent	7	7	Yes

Names of Directors	Category	Attendance at the Board meetings held during the financial year 2015-16		Attendance at the last Annual General Meeting held on 15 <sup>th</sup> July, 2015 (Yes/No/N.A.)
		Held	Attended	
Mr. Nityanath Ghanekar	Non Executive, Independent	7	7	Yes
Mr. V. Ravi	Non-Executive, Non-Independent	7	7	Yes
Ms. Anjali Raina	Non Executive, Independent	7	7	Yes
Mr. Hemant Sikka	Non-Executive, Non-Independent	7	6	Yes
Dr. Jaideep Devare	Non-Independent, Executive	7	7	Yes

\* Mr. Uday Y. Phadke retired from the Board w.e.f. 15<sup>th</sup> July, 2015.

#### 10. Meeting of Independent Directors

During the year 2015-16, two meetings of the Independent Directors were held on 15<sup>th</sup> October, 2015 and 10<sup>th</sup> March, 2016. The Independent Directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

#### 11. Committees of the Board

The Company has several committees which are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

- i) Audit Committee
- ii) Nomination and Remuneration Committee
- iii) Corporate Social Responsibility Committee

##### i) Audit Committee

The Audit Committee was re-constituted by the Board on 30<sup>th</sup> March, 2015 pursuant to the appointment of independent directors on the Board. The Audit Committee comprises of:

Mr. Nityanath Ghanekar – Chairman & Independent Director

Ms. Anjali Raina – Independent Director

Mr. V. Ravi – Non-Executive and Non-Independent Director

The Committee met four times during the year on 15<sup>th</sup> April, 2015, 15<sup>th</sup> July, 2015, 15<sup>th</sup> October, 2015

and 16<sup>th</sup> January, 2016. The Committee passed a Resolution by Circulation on 26<sup>th</sup> March, 2016.

The terms of reference of the Audit Committee were revised during the year under review to bring them in line with the provisions of the Companies Act, 2013. The revised terms of reference of the Audit Committee are:

- a) To recommend appointment, remuneration and terms of appointment of auditors and internal auditors of the Company;
- b) To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c) To examine the quarterly and annual financial statement and the auditors' report thereon;
- d) To approve or subsequently modify transactions of the Company with related parties;
- e) To scrutinize inter-corporate loans and investments;
- f) To undertake valuation of undertakings or assets of the Company, wherever it is necessary;
- g) To evaluate internal financial controls and risk management systems;
- h) To monitor the end use of funds raised through public offers and related matters;
- i) If required, to call for the comments of the auditors about internal control systems, the scope of audit, including observation of the auditors.
- j) To review the financial statements before their submission to the Board.
- k) If required to discuss with the internal and statutory auditors and the management of the Company any issues related to internal control system, scope of audit and financial statements;
- l) To investigate in to any matter in relation to the items specified in point nos. (i) to (k) above or matters which are referred to it by the Board and for this purpose, to obtain professional advice from external sources and have full access to information contained in the records of the Company.
- m) To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor;
- n) To discharge from time to time such other acts, duties and functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

The attendance of the members of the Audit Committee at its meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	Attendance at the meetings during the financial year 2015-16	
		Held	Attended
Mr. Nityanath Ghanekar	Non Executive, Independent	4	4
Ms. Anjali Raina	Non Executive, Independent	4	4
Mr. V. Ravi	Non-Executive, Non-Independent	4	4

The Board has accepted all the recommendations made by the Audit Committee during the year. The Managing Director, Chief Internal Auditor of Mahindra & Mahindra Limited and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Nityanath Ghanekar, Chairman of the Audit Committee, was present at the 28<sup>th</sup> Annual General Meeting of the Company held on 15<sup>th</sup> July, 2015.

#### ii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee was re-constituted by the Board on 30<sup>th</sup> March, 2015 pursuant to the appointment of independent directors on the Board. The Nomination and Remuneration Committee comprises of:

Mr. Rajeev Dubey - Non-Executive and Non-Independent Director

Mr. Ramesh Iyer - Non-Executive and Non-Independent Director

Mr. Nityanath Ghanekar - Independent Director

Ms. Anjali Raina - Independent Director

The Committee met two times during the year on 12<sup>th</sup> August, 2015 and 10<sup>th</sup> March, 2016.

The Nomination and Remuneration Committee inter alia recommends the appointment and removal of directors and carries out evaluation of performance of every director in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration subject to limits approved by the Shareholders.

The attendance of the Members of Nomination and Remuneration Committee at its meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	Attendance at the meetings during the financial year 2015-16	
		Held	Attended
Mr. Rajeev Dubey	Non-Executive, Non-Independent	2	2
Mr. Nityanath Ghanekar	Non Executive, Independent	2	2

Names of Members	Category	Attendance at the meetings during the financial year 2015-16	
		Held	Attended
Mr. Ramesh Iyer	Non-Executive, Non-Independent	2	2
Ms. Anjali Raina	Non Executive, Independent	2	1

#### iii) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was reconstituted by the Board on 30<sup>th</sup> March, 2015 pursuant to the appointment of independent directors on the Board. The Corporate Social Responsibility Committee comprises of:

Mr. Rajeev Dubey - Chairman & Non-Executive and Non-Independent Director

Mr. Ramesh Iyer - Non-Executive and Non-Independent Director

Mr. V. Ravi - Non-Executive and Non-Independent Director

Ms. Anjali Raina - Independent Director

Dr. Jaideep Devare - Managing Director

The Committee met twice during the year on 15<sup>th</sup> April, 2015 and 10<sup>th</sup> March, 2016.

The attendance of the Members of CSR Committee at its meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	Attendance at the meetings during the financial year 2015-16	
		Held	Attended
Mr. Rajeev Dubey (Chairman)	Non-Executive, Non-Independent	2	2
Mr. Ramesh Iyer	Non-Executive, Non-Independent	2	2
Ms. Anjali Raina	Non Executive, Independent	2	2
Mr. V. Ravi	Non-Executive, Non-Independent	2	2
Dr. Jaideep Devare	Non-Independent, Executive	2	2

Your Company is in compliance with the statutory requirements in this regard.

The Annual Report on the CSR activities undertaken by your Company in the Financial Year 2015-16 is appended as Annexure I to this Report.

#### 12. Performance Evaluation of the Board

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual

directors. Further, Schedule IV of the Companies Act, 2013, states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Well-defined and structured questionnaires were used in the evaluation process. These questionnaires were prepared after taking into consideration inputs received from the Directors and cover various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspective etc.

The evaluation process involves self-evaluation by each of the Board Members and subsequent assessment by the Nomination and Remuneration Committee and the Board of Directors based on the inputs received from all the Directors through the questionnaires.

In a separate meeting on independent directors, performance of non-independent directors, performance of board as a whole and performance of the chairman was evaluated, taking into account views of executive directors and non-executive directors. The same was also discussed in the board meeting, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board excluding the independent directors being evaluated.

In general, the Directors have expressed their satisfaction with the evaluation process.

### 13. Declaration by Independent Directors

The Company has received declarations from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

### 14. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Board of Directors confirm that:

- i. In the preparation of the annual accounts for financial year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- 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 at 31<sup>st</sup> March, 2016 and of the profit of the Company for the year ended on that date;
- 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 for financial year ended 31<sup>st</sup> March, 2016 on a 'going concern' basis;
- v. They have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

### 15. Company's policy on remuneration of Directors, Key Managerial Personnel and employees

The Company has adopted the following policies as required under sub-section (3) of Section 178 of the Companies Act, 2013:

- (i) 'Policy on Remuneration of Directors' and
- (ii) 'Remuneration Policy for Key Managerial Personnel (KMPs) and Employees'.

Which includes the criteria for determining qualifications, positive attributes and independence of a director.

The Nomination and Remuneration Committee while recommending the appointment of Directors considers desirable qualifications which may amongst other things include professional qualifications, skills, professional experience, background and knowledge apart from the criteria of independence as prescribed under the Companies Act, 2013.

The Policy on Remuneration of Directors and Remuneration Policy for KMPs and Employees of the Company is appended as Annexure III to this Report in accordance with the provisions of sub-section (4) of Section 178 of the Act.

There has been no change in the policy since the last fiscal year. The remuneration paid to the Directors is as per the terms laid out in the Remuneration Policy of the Company.

### 16. Codes of Conduct for Corporate Governance

The Board of Directors of the Company has adopted separate Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos. The Company has for the year under review, received declarations under the Codes from the Board Members, the Senior Management and Employees of the Company affirming compliance with the respective Codes.

The Company has adopted a Code of Conduct for its Independent Directors as laid down in the Companies Act, 2013. This code is available on the Company's website.

## 17. Corporate Social Responsibility

Through its various Corporate Social Responsibility ("CSR") initiatives, the Mahindra Group is enabling entire communities to 'RISE'. With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting circumstances by innovatively supporting them through programs in the domains of education, health and environment.

The Company has duly constituted a CSR Committee in accordance with Section 135 of the companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The CSR Committee presently comprises of Mr. Rajeev Dubey (Chairman), Mr. Ramesh Iyer, Ms. Anjali Raina, Mr. V. Ravi and Dr. Jaideep Devare.

During the year under review, your Company contributed Rs. 120.16 lacs towards Corporate Social Responsibility to various institutions for charitable purposes. Your Company is in compliance with the Statutory Provisions in this regard.

The CSR Policy of the Company is hosted on the Company's website <https://www.mahindrainsurance.com/Social-Responsibility.aspx> and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure I** to this Report.

## 18. Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-Section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2016 forms part of this Report and is appended as **Annexure II**.

## 19. Public Deposits

The Company has not accepted any deposits from the public or its employees during the year under review. No amount on account of principal or interest on deposits from public was outstanding as on the date of balance sheet.

## 20. Particulars of loans, guarantees or investments

The Company has advanced loans and advances in the nature of loans under Section 186 of the Companies Act, 2013, the details of which are mentioned in the notes to the financial statements and forms part of this Report.

Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent Company, Mahindra & Mahindra Limited.

## 21. Particulars of contracts or arrangements with related parties

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

## 22. Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

## 23. Change in the nature of business

There was no change in nature of business carried on by the Company during the year under review.

## 24. Risk Management

The Company has a well-defined risk management framework in place. Your Company has established procedures to periodically review risk assessment and steps taken by it to mitigate these risks. The key business risks identified by the Company and its mitigation plans are as under:

### i) **Competitive Risks**

*Overall slowdown in economic activity could have an adverse effect on the financial condition and operational results of the Company.*

As the overall levels of economic activity increase, the demand for insurance generally rises, and vice-versa. This impacts both, the brokerage as well as fees, generated by the business. Softening of the insurance market i.e. downward trends in the year-over-year insurance premium charged by insurers to offer protection against the same risk, could adversely affect the business as a large portion of the earnings are brokerage which is determined as a percentage of premium charged to the customers.

*Significant competitive pressures in each of the business lines*

The Company competes with a large number of insurance companies and other insurance intermediaries. Some of the competitors may have or may develop a lower cost structure or distribution model, adopt or provide services that gain greater market acceptance. Large and well-established

competitors may be able to respond to the need for technological changes and innovate faster, or price their services more aggressively. They may also compete hard for skilled professionals, finance acquisitions, fund internal growth and compete for customers. To respond to increased competition, we may have to lower the pricing of the services.

**ii) Legal and Regulatory Risks**

*The Company is subject to professional indemnity claims made against it, as well as other legal proceedings, some of which, if determined against the Company, could have a material adverse effect on the financial condition or results of operations of a particular business line or the Company as a whole.*

The Company traditionally has procured, and intends to continue to procure, insurance to cover professional indemnity claims and other insurance to provide protection against certain claims or losses that arise in such matters.

*The business is subject to extensive regulation, which could reduce profitability, limit growth, or increase competition*

The business is subject to extensive legal and regulatory oversight, including the IRDA (Insurance Brokers) Regulations, 2013 and the rules and regulations promulgated by the Insurance Regulatory and Development Authority of India (IRDAI) and a variety of other laws, rules and regulations. This legal and regulatory oversight could reduce profitability or limit growth by limiting or restricting the products or services the Company sells, by increasing the costs of legal and regulatory compliance, limiting the distribution methods by which it sells products and services, or capping the brokerage it can charge for the services, limiting the amount and form of compensation it can accept from the customers, insurers and third parties, or by subjecting the business to the possibility of legal and regulatory actions or proceedings.

Though the Company employees and authorized representatives exercise due care so not to violate these laws and regulations, there can be no assurances as regards the same.

**iii) Operational and Commercial Risks**

*The Company's success depends on its ability to retain and attract experienced and qualified personnel, including the senior management and operating team and other professional personnel.*

The business depends, to a large extent, upon the members of the senior management team and senior operating team, who possess extensive knowledge and a deep understanding of the business and strategy. The unexpected loss of services of any of the senior executives or key professionals could have a

disruptive effect, thereby impacting ability to manage the business effectively till such time as an able replacement is in place. The Company is constantly working to retain and attract these professionals through various people development initiatives.

*Business performance and growth plans could be affected if the Company is not able to effectively apply technology in driving value for its customers through technology-based solutions or gain internal efficiencies through the effective application of technology and related tools. Conversely, investments in innovative technology-based solutions may fail to yield sufficient return to cover their investments.*

The Company's success depends, in part, on its ability to apply and implement technology-based solutions that anticipate and keep pace with rapid and continuing changes in customer preferences. Response to these preferences needs to be timely and cost-effective. This also entails the business to incur considerable investment. In order to acquire and retain customers, the Company continuously strives to offer newer and cost-effective technologies to its customers, ahead of its competitors.

*Other factors, outside of the Company's control.*

The Company has no control over premium rates. The brokerage rates, too, are capped by the current regulations.

In addition to movements in premium rates, the ability to generate premium-based brokerage revenue may be challenged by:

- the level of compensation, as a percentage of premium, that insurers are willing to compensate brokers for placement activity, which in any case, is capped by the current regulations;
- competition from insurers seeking to sell their products directly to consumers without the involvement of an insurance broker with or without the use of technology.
- increasing willingness on the part of customers to "self-insure", which would increase competition and put pressure on pricing;
- fluctuation in the need for insurance as the economic downturn continues, as customers prioritize their need and willingness to procure insurance accordingly.

**25. Auditors**

The Board of Directors at its meeting held on 14<sup>th</sup> April, 2014 had appointed M/s. B. K. Khare and Co., as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the Annual General Meeting (AGM) held on 14<sup>th</sup> July, 2014 till the conclusion of the thirty-second AGM of the Company to be held in the year



2019, subject to the ratification of their appointment by Shareholders at every Annual General Meeting.

As required under the provisions of Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from M/s. B. K. Khare & Co., Chartered Accountants, to the effect that their ratification of appointment, if made, would be in conformity with the criteria specified in the said sections.

Pursuant to the recommendation received from the Audit Committee, the Board has proposed the ratification of the appointment of M/s. B. K. Khare & Co., as Statutory Auditors of the Company, the Shareholders at the forthcoming Annual General Meeting for a period of one year.

## 26. Accounting Standards followed by the Company

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

## 27. Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s B. K. Khare & Co., Statutory Auditors, in their report. The Auditors' Report is enclosed with the financial statements in this Annual Report.

## 28. Human Resources

Over the years, your Company has adopted different initiatives in various capacities as a result of which there has been a paradigm shift in the approach adopted relating to Employee Relations. Your Company drives sustainable growth and have been instrumental in bringing in thought leadership in building strong employee relations.

As an organization MIBL took a number of initiatives to strengthen human resources during the year.

Your Company has a competitive edge to the organisation with the ability to attract and retain the best talent across the country. In pursuance of the Company's commitment to develop and retain the best available talent, the Company has been sponsoring the employees for training programmes organized by reputed faculties and professional institutions for building capabilities thereby upgrading the skill and knowledge of the employees in different operational areas.

Your Company continues to focus on building leadership capability and recognizing the team managers who provide a rewarding and respectful work environment for their teams.

Your organization also understands its responsibility towards society at large and therefore engages its employees in volunteering and executing various social responsibilities.

Your company has become world's first company in Insurance Sector to achieve People-CMM Level 3 certification by CMMI institute, Carnegie Mellon University USA. The organization's focus on best practices has been driven by desire and commitment to deliver a best-in-class service experience to our valued customers. Your company has endeavored to develop people capabilities to match and exceed customer expectations since the customers associated with your Company deserve the best. This achievement reinforces MIBL's continued commitment to develop and enhance skills and capabilities of our team.

Your Company strongly believes in maintaining the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harrasment of any type are strictly prohibited. The Company has taken the necessary steps to abide by all statutory compliances and enhance awareness w.r.t. provisions of the Sexual Harrasment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the Act") and the Rules framed thereunder. During the year under review, there were no cases filed pursuant to the Act and Rules framed thereunder.

## 29. Subsidiaries

The Company does not have any subsidiary as on 31<sup>st</sup> March, 2016 or during the financial year ended on that date.

## 30. Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in **Annexure IV**.

## 31. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There are no significant and material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Company and its future operations.

## 32. Details in respect of adequacy of internal financial controls with reference to the Financial Statements

Your Company has in place adequate system of internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

Assessment of the internal financial controls environment of the Company was undertaken during the year which

covered verification of entity level controls, process level controls and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed.

### 33. Reporting of Frauds

There are no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

### 34. Particulars of remuneration

The statement containing particulars of employees who were in receipt of remuneration of not less than Rs. 60,00,000 during the year ended 31<sup>st</sup> March, 2016 or not less than Rs. 5,00,000 per month during any part of the said year in accordance with the provisions of Section 197(12) of the Companies Act, 2013 ("the Act") and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of the Director's Report. Further, the report and accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

The Company had no employee who was employed for a part of the Financial Year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

### 35. Acknowledgements

Your Directors take this opportunity to express their deep sense of gratitude to the Insurance Regulatory and Development Authority of India (IRDAI) for their continuous support and guidance rendered to the Company. Your Directors would also like to thank Company's employees, customers, vendors and investors for their continuous support. Your Directors truly appreciate and value the contributions made by each and every Member of the Company.

For and on behalf of the Board

**Rajeev Dubey**  
*Chairman*

Mumbai, 15<sup>th</sup> April, 2016

Registered Office:

Mahindra Towers,

P. K. Kurne Chowk, Worli,

Mumbai - 400018

CIN: U65990MH1987PLC042609

Tel: +91 22 66423800

Fax: +91 22 24915894

E-mail: insurance.care@mahindra.com

Website: www.mahindrainsurance.com

## ANNEXURE I TO THE DIRECTORS' REPORT

### Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1)	<p><b>Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs</b></p> <p>The objective of Company's CSR policy is to continuously and consistently generate goodwill in communities where the Company operates or is likely to operate, initiate projects that benefit communities and encourage an increased commitment from employees towards CSR activities and volunteering.</p> <p>The Corporate Social Responsibility Committee ('CSR Committee') is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities presented by the CSR Council ('CSR Council') and to monitor the CSR Policy periodically. The CSR Council will be supported by the CSR Secretariat at Head Office, for implementation of the approved projects. For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.</p> <p>The Company has identified following CSR thrust areas for undertaking CSR projects or programs or activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/Grampanchayat/NGOs. The Company shall give preference to the local area and areas around which the Company operates.</p> <p>Thrust areas:</p> <p><b>a) Education</b> Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.</p> <p><b>b) Health</b> Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.</p> <p><b>c) Environment</b> Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.</p> <p><b>d) Others</b> Any other activities within the purview of Schedule VII of the Act that the CSR Committee of the Company may define from time to time.</p> <p><b>CSR activities of the Company are carried through:</b></p> <ul style="list-style-type: none"> <li>• K C Mahindra Education Trust.</li> <li>• Collaboration with other Companies undertaking projects/programs in CSR activities.</li> <li>• Contribution/donation made to such other Organizations/Institutions as may be permitted under the applicable laws from time-to-time.</li> <li>• Directly by the Company for fulfilling its responsibilities towards various stakeholders.</li> </ul> <p>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is <a href="https://www.mahindrainsurance.com/Social-Responsibility.aspx">https://www.mahindrainsurance.com/Social-Responsibility.aspx</a></p>
----	---

2)	Composition of the CSR Committee	<ol style="list-style-type: none"> <li>1. Mr. Rajeev Dubey (Chairman)</li> <li>2. Mr. Ramesh Iyer (Non-Executive &amp; Non-Independent Director)</li> <li>3. Mr. V. Ravi (Non-Executive &amp; Non-Independent Director)</li> <li>4. Ms. Anjali Raina (Independent Director)</li> <li>5. Dr. Jaideep Devare (Managing Director)</li> </ol>
3)	Average Net Profit of the Company for last 3 financial years	Rs. 6,007.85 lacs
4)	Prescribed CSR expenditure (2% of this amount as in item 3 above)	Rs. 120.16 lacs
5)	<p>Details of CSR spent for the financial year 2015-16:</p> <ol style="list-style-type: none"> <li>a) total amount spent for the financial year</li> <li>b) Amount unspent, if any;</li> <li>c) Manner in which the amount spent during the financial year is detailed below</li> </ol>	<p>Rs. 120.16 lacs</p> <p>Nil</p> <p>The details in which the amount is spent is given in Schedule A below</p>
6)	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report	N.A.

**SCHEDULE A TO ANNEXURE I – CSR ACTIVITIES AT MAHINDRA INSURANCE BROKERS LIMITED.**

(Rs. in Lacs)

Sr. No.	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project/program wise	Amount spent on the project/programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure up to 31 <sup>st</sup> March 2016	Amount spent Direct or through implementing agency
1.	Salaries of Teachers	Education	Pahar Ganj, New Delhi	10.08	10.08	10.08	Salaam Balak Trust
2.	Open Heart Surgery	Healthcare including preventive healthcare	Mumbai, Maharashtra	0.90	0.90	0.90	Child Vision Foundation
3.	Education and Employment enhancing vocational skills	Education	Mumbai, Maharashtra	74.36	74.36	74.36	K C Mahindra Education Trust (Nanhi Kali)
4.	Purchase of Fiberoptic Bronchoscope	Healthcare & Preventive Healthcare	Mumbai, Maharashtra	4.99	4.99	4.99	Nair Charitable Hospital Department Development Foundation
5.	Renovation of Ashram and Homes/hostels for orphans/women	Gender Equality/ Old age & Day care homes	Mumbai, Maharashtra	10.00	10.00	10.00	The Hindu Womens Welfare Society
6.	Setting old age homes/ day care centres and similar facilities for senior citizens	Gender Equality/ Old age & Day care homes	Kolkata, West Bengal	3.00	3.00	3.00	Missionaries Of Charity
7.	Subscription of Braille Magazines for the blind	Health & Education	Mumbai, Maharashtra	3.00	3.00	3.00	White Print
8.	Conservation & renovation of school buildings and classrooms	Education	Chennai, Tamilnadu	3.00	3.00	3.00	Round Table India Trust
9.	Education for the underprivileged & disabled children	Education	Koni, Karnataka	3.00	3.00	3.00	Manasa Jyothi Trust For The Dumb, Deaf And Other Disabled
10.	Conservation of natural resources – tree plantation and water resources	Environment	Hyderabad, Andhra Pradesh	4.00	4.00	4.00	Prakriti Environment Society
11.	Providing free education, nutritious breakfast, uniforms, etc	Health & Education	Chennai, Tamilnadu	3.83	3.83	3.83	Olcott Memorial Higher Secondary School
			<b>Total</b>	<b>120.16</b>	<b>120.16</b>	<b>120.16</b>	

7) **The CSR Committee of the Company confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR Objectives and Policy of the Company.**

For Mahindra Insurance Brokers Limited

For and on behalf of the CSR Committee of Mahindra Insurance Brokers Limited

**Sd/-**  
**Dr. Jaideep Devare**  
Managing Director

**Sd/-**  
**Rajeev Dubey**  
Chairman – CSR Committee of Mahindra Insurance Brokers Limited

Mumbai, 15<sup>th</sup> April, 2016

**ANNEXURE II TO THE DIRECTORS' REPORT**  
Form No. MGT-9

Extract of Annual Return  
As on the Financial Year ended on 31<sup>st</sup> March, 2016

(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i.	<b>CIN</b>	U65990MH1987PLC042609
ii.	<b>Registration Date</b>	18/02/1987
iii.	<b>Name of the Company</b>	Mahindra Insurance Brokers Limited
iv.	<b>Category/Sub-Category of the Company</b>	Public Limited Company by shares
v.	<b>Address of the Registered office and contact details</b>	Mahindra Towers, 4 <sup>th</sup> Floor, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel: +91 22 66423800; Fax: +91 22 24915894; E-mail: insurance.care@mahindra.com Website: <a href="http://www.mahindrainsurance.com">www.mahindrainsurance.com</a>
vi.	<b>Whether listed company Yes/No</b>	No
vii.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Sharepro Services (India) Private Limited Unit: Mahindra Insurance Brokers Limited 13 AB, 2 <sup>nd</sup> Floor, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 Ph. 022-67720386/67720354

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Insurance Broking	67200	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	85.00%*	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited	L65921MH1991PLC059642	Holding Company	85.00%	Section 2(46)

\* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	21,90,692	30	21,90,722	85.00	21,90,692	30	21,90,722	85.00	0.00
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>21,90,692</b>	<b>30</b>	<b>21,90,722</b>	<b>85.00</b>	<b>21,90,692</b>	<b>30</b>	<b>21,90,722</b>	<b>85.00</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>21,90,692</b>	<b>30</b>	<b>21,90,722</b>	<b>85.00</b>	<b>21,90,692</b>	<b>30</b>	<b>21,90,722</b>	<b>85.00</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	3,86,598	0	3,86,598	15.00	3,86,598	0	3,86,598	15.00	0.00
<b>Sub-total (B)(1):-</b>	<b>3,86,598</b>	<b>0</b>	<b>3,86,598</b>	<b>15.00</b>	<b>3,86,598</b>	<b>0</b>	<b>3,86,598</b>	<b>15.00</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders Holding nominal Share Capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual Shareholders Holding nominal Share Capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>3,86,598</b>	<b>0</b>	<b>3,86,598</b>	<b>15.00</b>	<b>3,86,598</b>	<b>0</b>	<b>3,86,598</b>	<b>15.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>25,77,290</b>	<b>30</b>	<b>25,77,320</b>	<b>100.00</b>	<b>25,77,290</b>	<b>30</b>	<b>25,77,320</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change In shareholding during the year
		No. of Shares	% of Total Shares of the Company	%of Shares Pledged/ Encumbered to total shares	No. of Shares	% of Total Shares of the Company	%of Shares Pledged/ Encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	21,90,692	85.00	–	21,90,692	85.00	–	0.00
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	5	0.00	Nil	5	0.00	Nil	0.00
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajeev Dubey	5	0.00	Nil	5	0.00	Nil	0.00
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Bharat Doshi	5	0.00	Nil	0	0.00	Nil	0.00
5.	Mahindra & Mahindra Financial Services Limited Jointly with Dr. Jaideep Devare	5	0.00	Nil	5	0.00	Nil	0.00
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. S. Durgashankar	5	0.00	Nil	5	0.00	Nil	0.00
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi	5	0.00	Nil	5	0.00	Nil	0.00
8.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajesh Vasudevan	0.00	0.00	Nil	5	0.00	Nil	0.00
	<b>Total</b>	<b>21,90,722</b>	<b>85.00</b>	<b>–</b>	<b>21,90,722</b>	<b>85.00</b>	<b>–</b>	<b>NIL</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mahindra & Mahindra Financial Services Limited along with joint holders				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	21,90,722	85.00	21,90,722	85.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	21,90,722	85.00	21,90,722	85.00

**Note:** There was transfer of Five Equity Shares from Mahindra & Mahindra Financial Services Limited jointly with Mr. Bharat Doshi to Mahindra & Mahindra Financial Services Limited jointly with Mr. Rajesh Vasudevan. However, there was no change in the beneficial ownership of these Shares.



**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Inclusion Resources Private Limited				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	3,86,598	15.00	3,86,598	15.00
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	3,86,598	15.00	3,86,598	15.00

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Ramesh Iyer (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	5	0.00	5	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	5	0.00	5	0.00
2.	Mr. V. Ravi (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	5	0.00	5	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	5	0.00	5	0.00
3.	Mr. Rajeev Dubey (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	5	0.00	5	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	5	0.00	5	0.00
4.	Dr. Jaideep Devare (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	5	0.00	5	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	5	0.00	5	0.00
5.	Mr. Hemant Sikka				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
6.	Mr. Nityanath Ghanekar				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
7.	Ms. Anjali Raina				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
8.	Ms. Rupa Joshi - Company Secretary (Appointed as a Company Secretary with effect from 15 <sup>th</sup> July, 2015)				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	–	–	–	–
<b>Change in Indebtedness during the Financial Year</b>	–	–	–	–
• Addition	–	–	–	–
• Reduction	–	–	–	–
<b>Net Change</b>	–	–	–	–
<b>Indebtedness at the end of the Financial Year</b>	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	–	–	–	–

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

*A. Remuneration to Managing Director, Whole-time Directors and/or Manager:*

(Rs. In Lacs)

Sr. no.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director	Whole time Director	Manager	
1.	Gross salary				
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	86.61	–	–	86.61
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961@	37.62	–	–	37.62
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	NA	–	–	NA
2.	Stock Option	NA	–	–	NA
3.	Sweat Equity	NA	–	–	NA
4.	Commission – as % of profit – others	NA	–	–	NA
5.	Others	NA	–	–	NA
	<b>Total (A)</b>	<b>124.23</b>	–	–	<b>124.23</b>
	Ceiling as per the Act				5% of the Net Profits equivalent to Rs. 377.06 lakhs with respect to the ceiling for the Company applicable for the Financial Year covered by this Report.

@ Includes Perquisite Value of Stock Options of Mahindra & Mahindra Financial Services Limited (Holding Company) for 17,481 Equity Shares of Rs. 2 each exercised during the FY 2015-16.

B. Remuneration to other directors:

(Rs. In Lacs)

Particulars of Remuneration	Mr. Nityanath Ghaneekar	Ms. Anjali Raina	Total Amount
1. Independent Directors			
• Fee for attending Board/Committee Meetings	3.30	3.50	6.80
• Commission	-	-	-
• Others	-	-	-
<b>Total (1)</b>	<b>3.30</b>	<b>3.50</b>	<b>6.80</b>
2. Other Non-Executive Directors			
• Fee for attending Board/Committee Meetings	-	-	-
• Commission	-	-	-
• Others	-	-	-
<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (B) = (1+2)</b>	<b>3.30</b>	<b>3.50</b>	<b>6.80</b>
Total Managerial Remuneration	3.30	3.50	6.80
Overall Ceiling as per the Act	1% of the Net profits equivalent to Rs. 75,41,210/- with respect to the ceiling for the Company applicable for the Financial Year covered by this Report.		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. In Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary <sup>@</sup> (Ms. Rupa Joshi) <sup>(1)</sup>	CFO	Total
1.	Gross salary	-	2.99	-	2.99
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	-	-	-
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5.	Others	-	-	-	-
	Total	-	2.99	-	2.99

@ Secretarial function covered under cost sharing agreement.

(1) Ms. Rupa Joshi was appointed as the Company Secretary with effect from 15<sup>th</sup> July, 2015.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

**Rajeev Dubey**  
Chairman

Mumbai, 15<sup>th</sup> April, 2016

## **ANNEXURE III-A TO THE DIRECTORS' REPORT**

### **POLICY ON REMUNERATION OF DIRECTORS**

#### **Prelude**

Mahindra Insurance Brokers Limited ("Company") is a composite insurance broking company registered with the Insurance Regulatory and Development Authority of India ('IRDAI'), and is engaged in providing direct insurance broking for Corporate and Retail customers and offers a range of products for the Non-Life and Life segments. The Company is also engaged in the business of reinsurance broking wherein it caters to insurance requirements of Insurance Companies.

This Policy shall be effective from the Financial Year 2014-15.

#### **Intent of the Policy**

The intent of the Remuneration Policy of Directors of the Company is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

#### **Directors**

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the Meeting of the Board and the Committees thereof, if fixed by the Board of Directors from

time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Chairman and Non-Executive Non-Independent Directors who receive remuneration from the Holding Company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors shall be governed by the agreement with the Financial Institution/ Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and Shareholders of the Company subject to such other approvals as may be required.

Non Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of Companies Act, 2013.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

#### **Managing Director/Executive Directors**

The term of office and remuneration of Managing Director/ Executive Directors are subject to the approval of the Board of Directors, Shareholders, Central Government and other Statutory Authorities as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any Financial Year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/ Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and

until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum based on laid down limits as per Company Policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal year to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

#### **Disclosures**

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

## **ANNEXURE III-B TO THE DIRECTORS' REPORT**

### **REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

This Policy shall be effective from the Financial Year 2014-15.

#### **Objective**

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

#### **Definition(s)**

“**Key Managerial Personnel**” (KMP) as defined in Section 2(51) of the Companies Act, 2013 means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

#### **Standard**

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on Key Results Areas agreed – as applicable.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option scheme, car scheme, medical & dental benefit, loans, insurance, telephone reimbursements, etc., as per grades.

#### **Increments**

- Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

For and on behalf of the Board

**Rajeev Dubey**  
Chairman

Mumbai, 15<sup>th</sup> April, 2016

## ANNEXURE IV TO THE DIRECTORS' REPORT

**Information pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo.**

### (A) Conservation of energy-

- i. the steps taken or impact on conservation of energy;  
The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption
- ii. the steps taken by the company for utilising alternate sources of energy – Nil
- iii. the capital investment on energy conservation equipments – Not Applicable

### (B) Technology absorption-

- i. the efforts made towards technology absorption – *None*.
- ii. the benefits derived like product improvement, cost reduction, product development or import substitution – *Not applicable*.
- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)
  - a) the details of technology imported : *None*
  - b) the year of import; : *Not applicable*
  - c) whether the technology been fully absorbed; : *Not applicable*
  - d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; : *Not applicable*
- iv. the expenditure incurred on Research and Development – *Nil*.

### (C) Foreign exchange earnings and Outgo

The information on foreign exchange earnings and outgo is furnished in the Notes to the Accounts.

For and on behalf of the Board

**Rajeev Dubey**  
Chairman

Mumbai, 15<sup>th</sup> April, 2016

## ANNEXURE V TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Additional information as required under sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of Directors' Report for the year ended 31<sup>st</sup> March, 2016.

Name of Employee	Designation/ Nature of Duties	Gross Remuneration received (subject to income tax) (Rs. lacs)	Qualifications	Experience (Years)	Age (years)	Date of Commencement of Employment	Last Employment held (Designation and Organisation)
Dr. Jaideep R. Devare	Managing Director	124.23	Ph.D. in Management (Thesis on Insurance industry in India), Master of Management Studies (MMS) (Finance), Bachelor of Engineering (B.E.) Honors, (Production)	25	48	01/01/2009	Head – Business Development (New Initiatives) – Mahindra & Mahindra Financial Services Limited
Kumar R. Pherwani	Principal Officer	98.66	Bachelor of Commerce, Associate of Insurance Institute of India, Diploma in Export Management	41	60	01/01/2006	Head - Insurance & Risk Management Dept - Mahindra & Mahindra Limited
K. Raghunath	Chief of Reinsurance	73.76	Bachelor of Commerce, Master of Business Administration, Associate of Insurance Institute of India	37	60	04/01/2012	Vice President - Reinsurance; Bharti Axa General Insurance
Rajesh Sharma	Head-Retail & Commercial	83.54	Bachelor of Engineering (Honors), Post Graduate Diploma in Insurance & Risk Management, Fellow of the Insurance Institute of India	21	44	01/04/2004	Retainer - Mahindra & Mahindra Financial Services Ltd
Saurabh V. Dharadhar	Financial Controller	61.85	Bachelor of Commerce, Chartered Accountant, FIT-Chartered Insurance Institute	15	36	01/07/2006	Senior Executive - Mahindra & Mahindra Financial Services Limited
Anik Jain	Head – Commercial	79.80	Bachelor of Engineering (Mechanical), Post Graduate Diploma in Computer Aided Management	14	38	06/01/2014	Vice President - Marsh India Insurance Brokers Private Ltd

**Notes :**

- Nature of employment is permanent, subject to termination on three month's notice on either side. Nature of employment of the Managing Director is contractual, subject to termination on three months' notice on either side.
- None of the above employees is a relative of any Director of the Company.
- Information about qualifications and last employment is based on particulars furnished by the concerned employee.
- The above employees do not hold by themselves or along with their spouse and dependent children, 2% or more of the equity shares of the Company.
- Terms and conditions of employment are as per Company's Rules/contract.
- Remuneration means Remuneration as defined in Section 2(78) of the Companies Act, 2013
- Dr. Jaideep Devare has been granted stocks under the Employees' Stock Option scheme of the holding company, Mahindra & Mahindra Financial Services Limited.
- Dr. Jaideep Devare, Managing Director of the Company does not receive any remuneration or Commission from the Holding Company.

For and on behalf of the Board

**Rajeev Dubey**  
Chairman

Mumbai, 15<sup>th</sup> April, 2016



## INDEPENDENT AUDITOR'S REPORT

To

**The Members of MAHINDRA INSURANCE BROKERS LIMITED**

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Insurance Brokers Limited** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March, 2016, and the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.
    - iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

**For B. K. Khare & Co.**

Chartered Accountants

Firm's Registration Number: 105102W

**H. P. Mahajani**

Partner

Place: Mumbai,

Date: April 15, 2016

Membership Number: 030168

## ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Insurance Brokers Limited** for the year ended March 31, 2016

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable property.
2. The Company is in the business of providing insurance broking services and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.
4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.
6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (i) According to the records of the Company and information and explanations given to us, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Excise Duty, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the concerned authorities.
- (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.
- (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.
8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or debenture holders during the year under audit.
9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for two instances aggregating Rs. 7.05 lakhs, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.
11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For B. K. Khare & Co.**  
Chartered Accountants

Firm's Registration Number: 105102W

**H. P. Mahajani**

Partner

**Place:** Mumbai,  
**Date:** April 15, 2016

Membership Number. 030168

## ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INSURANCE BROKERS LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Insurance Brokers Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number: 105102W

**H. P. Mahajani**  
Partner

**Place:** Mumbai,  
**Date:** April 15, 2016

Membership Number. 030168

**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	Rs. in Lacs	
		March 2016	March 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	1	257.73	257.73
(b) Reserves and surplus	2	21,314.76	16,931.47
		<u>21,572.49</u>	<u>17,189.20</u>
<b>(2) Non-current liabilities</b>			
(a) Long-term provisions	3	146.30	115.42
		<u>146.30</u>	<u>115.42</u>
<b>(3) Current liabilities</b>			
(a) Trade payables		556.22	222.97
(b) Other current liabilities	4	142.23	117.02
(c) Short-term provisions	5	1,521.61	1,138.89
		<u>2,220.06</u>	<u>1,478.88</u>
<b>TOTAL</b>		<u><b>23,938.85</b></u>	<u><b>18,783.50</b></u>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	6	479.02	217.33
(b) Non-current investments	7	9,015.00	9,640.00
(c) Deferred tax assets (net)	8	76.50	52.32
(d) Long-term loans and advances	9	2,110.16	2,080.44
(e) Other Non-Current Assets	10	60.00	60.00
		<u>11,740.68</u>	<u>12,050.09</u>
<b>(2) Current assets</b>			
(a) Current investments	11	4,375.00	125.00
(b) Trade receivables	12	2,212.76	1,325.73
(c) Cash and cash equivalents	13	303.12	166.35
(d) Short-term loans and advances	14	3,382.59	4,240.96
(e) Other current assets	15	1,924.70	875.37
		<u>12,198.17</u>	<u>6,733.41</u>
<b>TOTAL</b>		<u><b>23,938.85</b></u>	<u><b>18,783.50</b></u>
<b>Summary of significant accounting policies &amp; notes to the financial statements.</b>		I & II	

The notes referred to above form an integral part of the Balance Sheet

**For B. K. Khare & Co.**

Chartered Accountants  
Firm Registration Number. 105102W

**H. P. Mahajani**

Partner  
Membership Number. 30168

**Rajeev Dubey**

*Chairman*

**Ramesh Iyer**

**Nityanath Ghanekar**

**V. Ravi**

*Directors*

**Anjali Raina**

**Hemant Sikka**

**Dr. Jaideep Devare**

*Managing Director*

**Rupa Joshi**

*Company Secretary*

Place : Mumbai,

Date : 15<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Note No.	Rs. in Lacs	
		March 2016	March 2015
I. Revenue from operations	16	13,136.07	11,229.70
II. Other income		1,783.82	1,389.87
<b>III. Total Revenue (I + II)</b>		<b>14,919.89</b>	<b>12,619.57</b>
<b>IV. Expenses:</b>			
Employee benefits expense	17	4,953.18	4,273.06
Depreciation	18	134.05	124.12
Other expenses	19	2,312.24	1,694.44
<b>Total expenses</b>		<b>7,399.47</b>	<b>6,091.62</b>
<b>V. Profit before exceptional and extraordinary items and tax (III – IV)</b>		<b>7,520.42</b>	<b>6,527.95</b>
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V – VI)		7,520.42	6,527.95
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		7,520.42	6,527.95
X. Tax expense:			
(1) Current tax		2,696.00	2,270.00
(2) Deferred tax (Asset)/Liability		(24.17)	(35.63)
		<b>2,671.83</b>	<b>2,234.37</b>
XI. Profit/(Loss) for the period from continuing operations		<b>4,848.59</b>	<b>4,293.58</b>
XII. Profit/(Loss) for the period		<b>4,848.59</b>	<b>4,293.58</b>
XIII. Earnings per equity share:			
(1) Basic		188.13	166.59
(2) Diluted		188.13	166.59
<b>Summary of significant accounting policies &amp; notes to the financial statements.</b>	I & II		

The notes referred to above form an integral part of the Statement of Profit & Loss

For B. K. Khare & Co.

Chartered Accountants

Firm Registration Number. 105102W

H. P. Mahajani

Partner

Membership Number. 30168

Rajeev Dubey

Chairman

Ramesh Iyer

Nityanath Ghanekar

V. Ravi

Anjali Raina

Hemant Sikka

Dr. Jaideep Devare

Rupa Joshi

Directors

Managing Director

Company Secretary

Place : Mumbai,

Date : 15<sup>th</sup> April, 2016

## CASH FLOW STATEMENT

Particulars	Rs. in Lacs	
	March 2016	March 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes and contingencies	7,520.42	6,527.95
<b>Add/(Less):</b>		
Depreciation & Amortisation	134.05	124.12
Interest Income	(1,783.71)	(1,389.64)
Provision for Doubtful Debts/Advances Written-off (net)	18.39	5.98
(Profit)/Loss on sale/retirement of assets	2.63	(0.14)
Operating profit before working capital changes	(I) 5,891.78	5,268.27
<b>Less:</b>		
(Increase)/Decrease in Trade receivables	(905.43)	(105.78)
(Increase)/Decrease in Long Term Loans & Advances	(29.72)	(41.04)
(Increase)/Decrease in Short Term Loans & Advances	(41.64)	(24.57)
(Increase)/Decrease in Current Assets	(0.60)	14.14
	(977.39)	(157.25)
Add: Increase/(Decrease) in Current liabilities	37.34	1.02
Add: Increase/(Decrease) in Long Term Provision	41.35	38.16
Add: Increase/(Decrease) in Trade Payable	333.25	20.77
Add: Increase/(Decrease) in Short Term Provision	181.04	147.99
	(II) (384.41)	50.69
<b>Cash generated from operations</b>	(I + II) 5,507.37	5,318.96
Income Taxes paid	(2,594.43)	(2,160.70)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	(A) 2,912.94	3,158.26
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(399.17)	(164.60)
Sale of fixed assets	0.79	0.37
Interest received	734.98	993.53
Investment in fixed deposits	(3,625.00)	(7,065.00)
Intercorporate deposits redeemed (net)	900.00	2,940.00
<b>NET CASH FROM INVESTING ACTIVITIES</b>	(B) (2,388.40)	(3,295.70)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(387.75)	(301.53)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	(C) (387.75)	(301.53)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A + B + C)</b>	136.79	(438.97)
<b>CASH AND CASH EQUIVALENTS AS AT:</b>		
<b>Beginning of the period</b>	166.33	605.30
<b>End of the period</b>	303.12	166.33

Examined and found correct

**For B. K. Khare & Co.**

Chartered Accountants

Firm Registration Number. 105102W

**H. P. Mahajani**

Partner

Membership Number. 30168

**Rajeev Dubey**

*Chairman*

**Ramesh Iyer**

**Nityanath Ghanekar**

**V. Ravi**

*Directors*

**Anjali Raina**

**Hemant Sikka**

**Dr. Jaideep Devare**

*Managing Director*

**Rupa Joshi**

*Company Secretary*

Place : Mumbai,

Date : 15<sup>th</sup> April, 2016

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### I. Summary of Significant Accounting Policies:

#### 1) Basis for Preparation of Financial Statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under the said Act.

All assets & liabilities have been classified as current & non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current & non-current classification of assets & liabilities.

#### 2) Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

#### 3) Revenue Recognition:

##### a) General:

The Company generally follows the accrual method of accounting for its income and expenditure.

##### b) Brokerage Income:

Brokerage Income, Handling Charges & Broker Retainer Fees is accounted for net of Service Tax amount on rendition of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier.

##### c) Insurance Consultancy Fees:

Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

#### 4) Investments:

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments in accordance with the Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

#### 5) Share Issue Expenses:

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities premium reserve in the year in which they are incurred.

#### 6) Fixed Assets:

Fixed assets are stated at cost of acquisition (including incidental expenses), less depreciation.

#### 7) Depreciation:

Depreciation on fixed assets is calculated by the straight line method at rates determined with reference to the useful life of fixed assets

and in the manner provided for in Schedule II to the Companies Act 2013 except:

- (i) Motor cars where useful life is estimated at 4 years as against 8 years per Schedule II since the employees to whom these cars have been allotted as part of their terms of employment are entitled to change their vehicles every four years, and
- (ii) Fixed assets having value individually less than INR 5000 where useful life is estimated at less than one year having regard to the nature of these assets and the difficulty in estimating the useful life.

Further, residual value for all assets is considered Nil having regard to the difficulty in reasonably estimating the same and, in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

Accordingly, useful life of assets is estimated as follows:

Vehicles	– 4 Years
Computer	– 3 Years
Server	– 6 Years
Furniture	– 10 Years
Office Equipment	– 5 Years
Assets costing less than INR 5000	– < 1 Year

#### 8) Foreign exchange transactions and translations:

##### i. Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

##### ii. Conversion

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.
- b. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

##### iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.
- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

#### 9) Employee Benefits:

Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as the Balance Sheet date, made by independent actuaries.

##### a. Defined Contribution Plans –

Company's contribution paid/payable during the year to Provident Fund, Superannuation and Labour Welfare Fund are recognised in Statement of Profit & Loss.

**b. Defined Benefit Plan –**

Company's liabilities towards gratuity & leave encashment is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

**10) Impairment of assets:**

The carrying value of assets/cash generating units at each balance sheet date is reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor

**11) Segment Reporting:**

The company has single reportable segment namely insurance auxiliary services for the purpose of Accounting Standard 17 on Segment Reporting.

**12) Taxes on Income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

**13) Provisions and Contingent Liabilities:**

- a) Provision for doubtful debts is made on the basis of standard norms and also, where required, on actual evaluation.
- b) Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

**14) Earnings Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**II. Notes to the financial statements for the year ended 31<sup>st</sup> March, 2016**

**1) Share Capital:**

	Rs. in Lacs	
	March 2016	March 2015
<b>Authorised:</b>		
(Previous Year: 3,500,000)		
3,500,000 Equity Shares of Rs.10 each	350.00	350.00
<b>Issued Capital:</b>		
(Previous Year: 25,77,320)		
2,577,320 Equity Shares of Rs.10 each	257.73	257.73
<b>Subscribed &amp; Paid up Capital:</b>		
(Previous Year: 25,77,320)		
2,577,320 Equity Shares of Rs.10 each	257.73	257.73
<b>TOTAL</b>	<b>257.73</b>	<b>257.73</b>

**Other quantitative Information:**

Particulars	March 2016		March 2015	
	Number of Shares	Rs. in Lacs	Number of Shares	Rs. in Lacs
<b>a. Reconciliation of the number of shares -</b>				
Balance at the beginning of the year	2,577,320	257.73	2,577,320	257.73
<b>Add: Fresh allotment of shares during the year:</b>				
1) Private placement to QIBs under QIP	0	0	0	0
2) Issue of Bonus/Rights shares	0	0	0	0
3) Any others (specify)	0	0	0	0
<b>Balance at the end of the year</b>	<b>2,577,320</b>	<b>257.73</b>	<b>2,577,320</b>	<b>257.73</b>
<b>b. Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates -</b>				
Holding company : Mahindra & Mahindra Financial Services Limited	2,190,722	219.07	2,190,722	219.07
(Equity shares of Rs. 10/- Each)				
Percentage of holding (%)	85	85	85	85



Particulars	March 2016		March 2015		Rs. in Lacs
	Number of Shares	Rs. in Lacs	Number of Shares	Rs. in Lacs	
<b>c. Shareholders holding more than 5 percent shares:</b>					
<b>Mahindra &amp; Mahindra Financial Services Limited</b>	2,190,722	219.07	2,190,722	219.07	
Percentage of holding (%)	85	85	85	85	
<b>Inclusion Resources Private Ltd.</b>	386,598	38.66	386,598	38.66	
Percentage of holding (%)	15	15	15	15	

<b>d. Shares allotted during the period of five years immediately preceding the date as at which the Balance Sheet is prepared:</b>					
- Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	2,000,000	200.00	2,000,000	200.00	

**2) Reserves and Surplus:**

Particulars	Rs. in Lacs	
	March 2016	March 2015
<b>General Reserve:</b>		
Balance as at the beginning of the year	1,658.43	1,228.43
Add: Transfer from Surplus in the Statement of Profit & Loss	-	430.00
Balance as at the end of the year	1,658.43	1,658.43
<b>Securities premium account:</b>		
Balance as at the beginning of the year	1,589.50	1,589.50
Add: Additions during the year	-	-
Balance as at the end of the year	1,589.50	1,589.50

**6) Tangible Assets:**

Description of Assets	Gross Block At Cost				Depreciation					Net Block	
	As at 1 <sup>st</sup> April, 2015	Additions for Purch/Trf	Deductions for Sale/Trf	As at 31 <sup>st</sup> March, 2016	Upto 1 <sup>st</sup> April, 2015	Additions/Trf	Depreciation Trf to Reserve	Deductions/Trf	Upto 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Vehicles	236.52	131.55	33.55	334.52	96.63	70.43	-	31.39	135.67	198.85	139.89
Furniture	11.17	29.49	-	40.66	5.85	5.41	-	-	11.26	29.40	5.32
Office Equipment	35.42	24.53	-	59.95	18.77	8.82	-	-	27.59	32.36	16.65
Computers	182.27	213.61	3.50	392.38	126.80	49.39	-	2.22	173.97	218.41	55.47
<b>Total</b>	<b>465.38</b>	<b>399.18</b>	<b>37.05</b>	<b>827.51</b>	<b>248.05</b>	<b>134.05</b>	<b>-</b>	<b>33.61</b>	<b>348.49</b>	<b>479.02</b>	217.33
As at 31-03-2015	301.56	164.61	0.79	465.38	109.83	124.12	14.67	0.57	248.05	217.33	191.73

Particulars	March 2016	March 2015
<b>Surplus in Statement of Profit and Loss:</b>		
Balance as at the beginning of the year	13,683.54	10,217.41
Less: Depreciation (net of deferred tax) (refer note 23)	-	(9.69)
Add: Profit for the current year transferred from Statement of Profit & Loss	4,848.59	4,293.58
<b>18,532.13</b>	<b>14,501.30</b>	
<b>Less : Allocations &amp; Appropriations :</b>		
Transfer to General Reserve	-	430.00
Proposed Dividend (Final)	386.60	322.17
Corporate Dividend Tax (Final)	78.70	65.59
<b>465.30</b>	<b>817.76</b>	
<b>Balance in statement of profit &amp; loss</b>	<b>18,066.83</b>	<b>13,683.54</b>
<b>TOTAL</b>	<b>21,314.76</b>	<b>16,931.47</b>

**3) Long-term Provisions:**

Particulars	Rs. In Lacs	
	March 2016	March 2015
Provision for Employee Benefit (Refer note 9(b))	146.30	115.42
<b>TOTAL</b>	<b>146.30</b>	<b>115.42</b>

**4) Other Current Liabilities:**

Particulars	Rs. In Lacs	
	March 2016	March 2015
Taxes deducted at source (TDS)	49.22	38.96
Service tax payable	28.60	37.07
Other Payables	64.41	40.99
<b>TOTAL</b>	<b>142.23</b>	<b>117.02</b>

**5) Short-term Provisions:**

Particulars	Rs. In Lacs	
	March 2016	March 2015
Provision for Employee Benefits	867.93	664.32
Proposed Dividend	386.60	322.17
Corporate Dividend Tax	78.70	65.59
Provision for Tax (net of advance tax)	188.38	86.81
<b>TOTAL</b>	<b>1,521.61</b>	<b>1,138.89</b>

7) <b>Non Current Investments:</b>	Rs. in Lacs		12) <b>Trade Receivables:</b>	Rs. in Lacs
	<b>March 2016</b>	March 2015		<b>March 2016</b>
				March 2015
<b>Fixed Deposits with companies</b>			<b>Sundry Debtors (Unsecured):</b>	
- Mahindra & Mahindra Financial Services Limited (holding company)	9,015.00	9,640.00	Outstanding for a period exceeding six months	
<b>TOTAL</b>	<b>9,015.00</b>	<b>9,640.00</b>	Considered good	26.00      27.98
			Considered Doubtful	39.02      20.63
			Less : Provision for doubtful debts (Refer clause 13(a) of Note I)	(39.02)      (20.63)
				26.00      27.98
8) <b>Deferred Tax Assets (net):</b>	Rs. in Lacs		Others	2,186.76      1,297.75
	<b>March 2016</b>	March 2015	<b>TOTAL</b>	<b>2,212.76      1,325.73</b>
<b>a) Deferred tax assets</b>			# Refer Significant Accounting Policy No.13	
Provision for doubtful debts	13.50	7.00		
Depreciation	13.21	10.80		
Other Disallowances	51.33	39.91		
(a) <b>TOTAL</b>	<b>78.04</b>	<b>57.71</b>		
<b>b) Deferred tax liabilities</b>			13) <b>Cash &amp; Cash Equivalents:</b>	Rs. in Lacs
Others	1.54	5.39		<b>March 2016</b>
(b) <b>TOTAL</b>	<b>1.54</b>	<b>5.39</b>	<b>Cash and cash equivalents:</b>	March 2015
<b>TOTAL</b>	<b>76.50</b>	<b>52.32</b>	- Cash and Cheques on hand	1.90      1.35
			- Balance with banks in current accounts	301.22      165.00
			<b>TOTAL</b>	<b>303.12      166.35</b>
			<b>TOTAL</b>	<b>303.12      166.35</b>
9) <b>Long-term loans and advances:</b>	Rs. in Lacs		14) <b>Short-term Loans and Advances:</b>	Rs. in Lacs
	<b>March 2016</b>	March 2015		<b>March 2016</b>
				March 2015
<b>Loans and advances (unsecured, considered good):</b>			<b>Loans and advances (unsecured, considered good):</b>	
Deposits for Office Premises/Others	53.59	43.81	Inter corporate deposits placed with related parties (for less than one year)	3,125.00      4,025.00
Inter Corporate Deposits placed with related parties	2,000.00	2,000.00	Gratuity plan asset (Refer note 10)	7.25      15.88
Other Advances recoverable in cash or kind or for value to be received	28.00	36.63	Prepaid Expenses	213.22      163.88
Capital Advances	28.57	0.00	Other advances recoverable in cash or kind or for value to be received	37.12      36.20
<b>TOTAL</b>	<b>2,110.16</b>	<b>2,080.44</b>	<b>TOTAL</b>	<b>3,382.59      4,240.96</b>
10) <b>Other Non-Current assets:</b>	Rs. in Lacs		15) <b>Other Current Assets:</b>	Rs. in Lacs
	<b>March 2016</b>	March 2015		<b>March 2016</b>
				March 2015
- Term Deposit with Scheduled Banks [Under lien to IRDA for broking license] with maturity greater than 12 months	60.00	60.00	Interest accrued but not due - Bank FD	9.67      4.39
<b>TOTAL</b>	<b>60.00</b>	<b>60.00</b>	Interest accrued but not due - Others	1,911.55      868.09
			Other Current Assets	3.48      2.89
			<b>TOTAL</b>	<b>1,924.70      875.37</b>
11) <b>Current Investments:</b>	Rs. in Lacs		16) <b>Revenue From Operations:</b>	Rs. in Lacs
	<b>March 2016</b>	March 2015		<b>March 2016</b>
				March 2015
<b>Fixed Deposits with companies</b>			Brokerage	6,380.00      5,290.24
- Mahindra & Mahindra Financial Services Limited (holding company)	4,375.00	125.00	Broker Retainer Fees	4,556.06      4,338.26
<b>TOTAL</b>	<b>4,375.00</b>	<b>125.00</b>	Handling Charges	2,092.44      1,500.17
			Consultancy Fees	107.57      101.03
			<b>TOTAL</b>	<b>13,136.07      11,229.70</b>

17) Employee Benefits Expense:

	Rs. in Lacs	
	March 2016	March 2015
Salary, Bonus & Incentives	4,358.18	3,824.98
Company's Contribution to Provident Fund and Other Funds	272.80	197.87
Employee Compensation Expenses on account of ESOPs	203.78	146.31
Staff Welfare Expenses	118.42	103.90
<b>TOTAL</b>	<b>4,953.18</b>	<b>4,273.06</b>

18) Depreciation:

	Rs. in Lacs	
	March 2016	March 2015
Vehicles	70.43	70.40
Furniture	5.41	1.30
Office Equipment	8.82	4.77
Computers	49.39	47.65
<b>TOTAL</b>	<b>134.05</b>	<b>124.12</b>

19) Other Expenses:

	Rs. in Lacs	
	March 2016	March 2015
Electricity charges	49.41	41.95
Rent	271.15	219.88
Administration support charges	131.72	120.68
Insurance	183.88	159.23
Rates and taxes, excluding taxes on income	8.47	8.10
Directors' sitting fees & commission	16.81	0.30
Legal & professional charges	224.48	20.52
Loss on sale/retirement of owned assets	2.63	0.00
Travelling expenses	687.26	572.40
Provision for doubtful debts - (Refer clause 13(a) of Note I)	18.39	5.98
Manpower outsourcing charges	29.44	24.10
Payment to the Auditors		
- As auditor	5.75	5.00
- Other services	5.48	5.06
CSR Expenses (Refer Note 8)	120.16	90.06
General & Administrative Expenses	557.21	421.18
<b>TOTAL</b>	<b>2,312.24</b>	<b>1,694.44</b>

# Refer Significant Accounting Policy No.13

\* CSR expenses represent contributions made to trusts which are carrying on the activities eligible under clause (i), (ii) & (iii) of the schedule VII of the Companies Act, 2013.

20) The company has submitted the application for renewal of its Composite Broking License due for renewal on 17/05/2016 on 04/04/2016.

21) In the opinion of the Board, Current Assets, Loans & Advances are approximately of the value stated if realised in the ordinary course of business.

22) The company earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. The company does not expect any significant variation in the book balances.

23) Pursuant to the Companies Act, 2013 (the "Act") becoming effective from 1<sup>st</sup> April, 2014, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II of the Act.

24) Related Party Disclosure as per Accounting Standard 18:

List of the related parties:

**Ultimate Holding Company:**  
Mahindra & Mahindra Limited

**Holding Company:**

Mahindra & Mahindra Financial Services Limited

**Fellow subsidiary Companies:**

Mahindra Rural Housing Finance Limited

**Key Management Personnel**

Managing Director : Dr. Jaideep Devare  
Company Secretary : Ms. Rupa Joshi

**Related Parties Transactions are as under:**

Sr. No.	Nature of transactions	Holding Companies*	Fellow subsidiary Companies	Key Management Personnel	(Rs. in Lacs)
1	INCOME				
	Interest (Gross)	1,363.13	411.71		-
		(972.18)	(402.67)		-
	Handling Charges (Gross of Service Tax)	2,389.54	Nil		-
		(1,685.59)	(Nil)		-
2	EXPENSES				
	Deputation Charges	14.71	Nil		-
		(Nil)	(Nil)		-
	Other Expenses (Gross of Service Tax) (refer note ii)	378.21	Nil		106.45
		(287.31)	(Nil)		(94.34)
3	FINANCE				
	Inter-corporate deposits/Fixed deposits placed (net)	14,315.00	4,200.00		-
		(11,340.00)	(4,450.00)		-
	Dividends Paid (for previous year)	273.84	Nil		-
		(219.07)	(Nil)		-
4	BALANCES AS AT THE YEAR END				
	Receivables	2,575.22	154.93		-
		(1,187.63)	(168.18)		-
	Payables (refer note ii)	70.11	Nil		-
		(80.06)	(Nil)		-

\* includes ultimate parent company, Mahindra and Mahindra Limited

Note:

- Amounts in brackets represent amounts pertaining to previous financial year.
- The above amount excludes payments towards reimbursement of expenses.

**Related party transactions are as under:**

Sr. No.	Nature of transactions	Holding Companies*	Fellow subsidiary Companies	(Rs. in lacs)
1.	Income			
	Other Income	Mahindra and Mahindra Financial Services Limited	1,363.13	-
			(972.18)	-
		Mahindra Rural Housing Finance Limited	-	411.71
			-	(402.67)
	Handling charges (Gross of service tax)	Mahindra and Mahindra Financial Services Limited	2,389.54	-
			(1,685.59)	-

Related party transactions are as under:				(Rs. in lacs)	Rs. in Lacs	
Sr. No.	Nature of transactions	Holding Companies*	Fellow subsidiary Companies	Expenses in Foreign Currency	March 2016	March 2015
2.	Expenses			Travelling Expenses	28.46	8.50
	Expenses (Gross of service tax)			Software Expenses	22.55	21.76
	Administration support charges	Mahindra and Mahindra Financial Services Limited	149.78	Other Expenses	84.20	8.11
				<b>TOTAL</b>	<b>135.21</b>	<b>38.37</b>
	Employee compensation Expenses on account of ESOPs	Mahindra and Mahindra Financial Services Limited	(135.60) 200.07	26)	The company has incurred a cost of Rs. 203.78 lacs (previous year Rs. 146.31 lacs) for Employee Stock Options (ESOS) of the ultimate holding company Mahindra & Mahindra and holding company Mahindra & Mahindra Financial Services Limited (MMFSL), to employees of the company.	
	Deputation of Personnel	Mahindra and Mahindra Financial Services Limited	(146.31) 3.40	27)	In accordance with the provisions of Accounting Standard – 15 (revised) issued by the Institute of Chartered Accountants of India; cost of employee benefits in the form of compensated absences for the period ended 31st March 2016 Rs. 64.11 lacs (Previous Year Rs. 62.60 lacs) and has been recognised in the Statement of Profit & Loss as such. The Present Value of obligation on account of such compensated absences is Rs. 146.30 lacs (Previous Year Rs. 115.41 lacs) as on 31st March 2016.	
	Training Expenses	Mahindra and Mahindra Limited	– 11.31	28)	Defined Employee Benefits:	
3.	Finance				Rs. in Lacs	
	Inter corporate Deposits given	Mahindra and Mahindra Financial Services Limited	925.00	<b>GRATUITY – Fully Funded</b>	<b>Gratuity Funded</b>	<b>Leave Non-Funded</b>
					<b>March 2016</b>	<b>March 2015</b>
					<b>March 2016</b>	<b>March 2015</b>
		Mahindra Rural Housing Finance Limited	(1,575.00) –	<b>I. Change in Obligation during the year ended 31st March, 2016</b>		
	Fixed Deposit Given	Mahindra and Mahindra Financial Services Limited	– 13,390.00	1. Present value of obligation as the beginning of the year	121.18	84.19
				2. Interest Cost	12.21	7.92
	Dividends paid (for previous year)	Mahindra and Mahindra Financial Services Limited	(9,765.00) 273.84	3. Current Service Cost	111.90	76.79
				4. Actuarial (Gain)/Loss on Obligations	(51.67)	(44.44)
		Mahindra Rural Housing Finance Limited	– (4,450.00)	5. Benefits Paid	(2.79)	(3.28)
				6. Present value of Defined Benefit Obligation at the end of the year	<b>190.82</b>	<b>121.18</b>
	Interest accrued on ICD/FD placed	Mahindra and Mahindra Financial Services Limited	1,764.49	<b>II. Change in Assets during the Year ended 31st March, 2016</b>		
				1. Plan Assets at the beginning of the year	137.05	96.01
		Mahindra Rural Housing Finance Limited	(704.24) –	2. Expected return on plan assets	10.96	7.82
				3. Contributions by Employer	50.00	46.66
		Mahindra and Mahindra Financial Services Limited	– 147.05	4. Actual benefits paid	(2.79)	(3.28)
				5. Actual Gain/(Losses)	2.86	(10.16)
		Mahindra and Mahindra Financial Services Limited	– (163.84)	6. Plan Assets at the end of the year	<b>198.07</b>	<b>137.05</b>
		Mahindra and Mahindra Financial Services Limited	61.96			
			(80.06)			
25)	Transactions in Foreign Currency are as under:-					
	<b>Revenue in Foreign Currency</b>	<b>March 2016</b>	Rs. in Lacs			
	Brokerage	114.35	March 2015			
	Consultancy fees	107.57	107.03			
	<b>TOTAL</b>	<b>221.93</b>	<b>206.83</b>			

Rs. in Lacs

GRATUITY – Fully Funded	Gratuity Funded		Leave Non-Funded	
	March 2016	March 2015	March 2016	March 2015
<b>III. Net Asset/(Liability) recognised in the Balance Sheet as at 31<sup>st</sup> March, 2016</b>				
1. Present Value of Defined Obligation as at 31 <sup>st</sup> March, 2016	190.82	121.18	146.30	115.41
2. Fair Value of plan assets as at 31 <sup>st</sup> March, 2016	198.07	137.05	-	-
3. Fund status (Surplus/(Deficit))	7.25	15.87	(146.30)	(115.41)
4. Net Assets/(Liability) as at 31 <sup>st</sup> March, 2016	7.25	15.87	(146.30)	(115.41)
<b>IV. Expenses recognised in the statement of Profit and Loss for the year ended 31<sup>st</sup> March 2016</b>				
1. Current Service cost	111.90	76.79	132.32	116.33
2. Interest Cost	12.21	7.92	10.10	7.26
3. Expected return on Plan Assets	(10.96)	(7.82)	-	-
4. Net Actuarial (Gains)/Losses (Net of Opening Actuarial Gain/(Loss) adjustment)	(54.53)	(34.29)	(111.53)	(87.92)
5. Expenses recognised in statement of Profit & Loss	58.61	42.60	30.89	35.67
<b>V. The Major Categories in Plan Assets as a percentage of total plan</b>				
1. Insurer Managed Funds	100%	100%		
<b>VI. Method of Valuation</b>	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
<b>VII. Actuarial Assumption</b>				
1. Discount Rate	8%	8%	8%	8%
2. Expected rate of return on plan assets	8%	8%		
3. Mortality Table	LIC(IALM) (2006-08) Ultimate	LIC(IALM) (2006-08) Ultimate	LIC(IALM) (2006-08) Ultimate	LIC(IALM) (2006-08) Ultimate
4. Salary Increment Rate	5%	5%	5%	5%
5. Retirement Age	60 Years	60 Years	60 Years	60 Years
6. Withdrawal	Attrition rate of 1% up to the age of 30 Years		Attrition rate of 1% up to the age of 30 Years	

**VIII. Experience Adjustments:**

Rs. in lacs

	Year ended				
	March 2012	March 2013	March 2014	March 2015	March 2016
Defined Benefit obligation at end of the period	46.41	65.80	84.19	121.18	<b>190.82</b>
Plan assets at the end of period	48.05	68.02	96.01	137.05	<b>198.07</b>
Funded Status (Surplus)/Deficit	(1.64)	(2.22)	(11.82)	(15.87)	<b>(7.25)</b>
Experience adjustments on plan liabilities (gain)/loss	(6.96)	(5.98)	(18.50)	(15.98)	<b>(22.17)</b>
Experience adjustments on plan assets gain/(loss)	(0.83)	(1.06)	(1.34)	(2.03)	<b>(2.74)</b>

**29) Earnings Per Share:**

	March 2016	March 2015
Amount used as numerator – Balance of Profit after Tax available for shareholders (Rs. in Lacs)	4,848.59	4293.58
Weighted average number of equity shares used in computing basic earnings per share	25,77,320	25,77,320
Weighted average number of equity shares used in computing diluted earnings per share	25,77,320	25,77,320
Basic earnings per share (Rs.) (Face value of Rs.10 per share)	188.13	166.59
Diluted earnings per share (Rs.)	188.13	166.59

**30)** Suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006, has not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this and legal opinion obtained by the Company, information required under Section 22 of the said Act is not given.

**31)** Previous year figures have been regrouped/reclassified wherever found necessary.

**Signatures to Significant accounting policies and Notes to the financial statements – I and II**

**For B. K. Khare & Co.**

Chartered Accountants  
Firm Registration Number.  
105102W

**Rajeev Dubey**

*Chairman*

**Ramesh Iyer**

**Nityanath Ghanekar**

**V. Ravi**

**Anjali Raina**

**Hemant Sikka**

**Dr. Jaideep Devare**

**Rupa Joshi**

*Directors*

*Managing Director*

*Company Secretary*

**H. P. Mahajani**  
Partner  
Membership Number. 30168

Mumbai:  
Date: 15<sup>th</sup> April, 2016

## DIRECTORS' REPORT

To,  
The Members of  
**Mahindra Asset Management Company Private Limited**

Your Directors are pleased to present their Third Report together with the audited Financial Statements of your Company for the Financial Year ended 31<sup>st</sup> March, 2016.

### Financial Results

Particulars	Amount in Rs. Lacs	
	Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015
Total Income	119.58	0.80
Less : Employee benefit expenses	357.00	–
Depreciation and Amortization expenses	3.57	–
Other expenses	204.03	6.58
Total Expenses	564.60	6.58
Profit/(Loss) Before Tax	(445.02)	(5.78)
Less : Provision for Tax		
Current Tax	0.00	0.00
Deferred Tax	0.00	0.00
Profit/(Loss) for the year	(445.02)	(5.78)
Profit/(Loss) brought forward from previous years	(6.27)	(0.49)
Transfer to Reserves	–	–

### DIVIDEND

In view of losses incurred by the Company, your Directors do not recommend any dividend for the year under review.

### TRANSFER TO RESERVES

In view of the losses incurred by the Company for the year under review, no amount has been transferred to reserves.

### OPERATIONS

Your Company was incorporated with an objective to act as managers, consultants, advisors for mutual funds, unit trusts, venture Capital funds, etc. On 4<sup>th</sup> February, 2016, your Company received license from Securities and Exchange Board of India (SEBI) to act as an Asset Manager for Mahindra Mutual Fund. However, the approval to various Mutual Fund products is still awaited from SEBI. Considering the pending regulatory approvals, your Company could not commence business activities during the year under consideration. However, the whole superstructure of the business including all systems, processes, policies and personnel are in place and the Company is fully geared to enter the markets as soon as the necessary regulatory approvals are received.

Your Directors would like to present the overview of the Economy and Financial Markets in general and the Mutual Funds Industry in particular.

#### Indian Economy

Despite global turmoil and a truant monsoon, the Indian Economy registered a robust growth of 7.60 percent in the

F.Y. 2015-16, thus becoming the fastest growing major economy in the world. The Budget had set fiscal deficit target of 3.90 per cent which was achieved.

With global commodity prices remaining benign, the previous year witnessed a continued moderation in general price levels. Headline Inflation based on Consumer Price Index (CPI) dipped to 4.91 percent (5.97 percent in the F.Y. 2014-2015) showing a persistent pressure on oil and commodity prices. Exchange rate movements and Current Account deficits too reflected a stable environment. The movement of exchange rate measured against the US dollar was orderly and the INR depreciated about 6.50 percent during the year under consideration.

The second year of the present government witnessed some policy actions like liberalization of FDI regime, including the much awaited Insurance Bill, crop insurance measures, financial inclusion through Jan Dhan Yojna and transferring subsidies through the Direct Benefit Transfer (DBT) platform.

However, stretched corporate balance sheets, asset quality constraints, delays in the passage of GST Bill and non-passage of Land Acquisition Bill negatively affected the mood in equity markets.

#### Equity Markets

As at 31<sup>st</sup> March, 2016, the S&P BSE Sensex ended 9.1% lower at 25,341, while the Nifty 50 closed 8.8% lower at 7,738 compared to their respective closing figures as on 31<sup>st</sup> March, 2015.

With corporate performance failing market expectation, the year 2015-16 did not bring much happiness to investors. The

momentum started to fade further after the announcement of the budget; actual earnings trajectory turned out to be flat or negative, contrasting the projections by consensus estimates.

The silver lining however was the continued flows received by domestic institutions, particularly mutual funds, from retail participants who saw great opportunity in exploiting the valuation arbitrage created from the earlier run-up in the benchmark indices and large cap stocks.

Among the emerging market (EM) peers, India remained in a bright spot amid a slowdown in global economy on the back of multiple rate cuts by the Reserve Bank of India (RBI) and its efforts to keep inflation under check and also due to the capital infusion by the domestic investors. Foreign Institutional Investors were however net sellers in Indian equities to the tune of Rs. 14,172 Crores, in the F.Y. 2015-16.

### Fixed Income Markets

The Reserve Bank of India (RBI) continued its accommodative stance through the last fiscal year and cut the benchmark repo rate by 75 basis points. In response to the cumulative reduction of around 125 basis points (bps) cut since January 2015, banks have reduced their median deposit rate by 72 bps and median base rates by around 60 bps.

Long term benchmark 10 year Gilt rates however eased marginally by around 30 bps and closed around 7.45 per cent. A part of the reason for the muted fall in long term gilt rates could be on account of uncertainty on US rates, and also partly because of relatively robust incremental credit off take.

### Global events

China's benchmark index, Shanghai Composite, decreased by nearly 24 per cent in this year and hit 2,655, its lowest level for the year. Meanwhile, the Greek crisis had a ripple effect on Indian equities in a reaction to the global risk-off trade. Another major event for the year was the 25 basis point hike in interest rates by the US Federal Reserve. The interest rates, which were maintained at zero, were raised for the first time in almost a decade since the Global Financial Crisis of 2008 indicating signs of a pickup in the world's biggest economy.

### Overview of the Mutual Fund Industry

During the year under consideration, the mutual fund industry continued to witness robust growth. The total Assets Under Management (AUM) as on 31<sup>st</sup> March, 2016 were INR 12,32,824 crores as compared to INR 10,82,757 crores as on 31<sup>st</sup> March, 2015, thereby witnessing a growth of around 14 per cent.

What was remarkable was the resilience of the equity oriented schemes, which saw net inflows of around INR 93,000 crores (previous year INR 80,855 crores) despite a fall in the benchmark equity indices.

The value of assets held by individual investors in mutual funds also increased to Rs. 6.16 lakh crores, a rise of around 10.11 per cent.

As the nation becomes more financially inclusive and with financial literacy gaining traction, the adoption of technology lowering barriers to the last mile access, with benefits of low

cost and transparency, the Indian Mutual Fund industry has the possibility of becoming the primary vehicle of savings in the capital markets.

*(Data Source: Economic Survey 2015-16, AMFI, Bloomberg)*

### Looking ahead

It is evident that India is still oozing potential. The Country's long run potential growth rate is still around 8-10 per cent.

The Economic survey had portrayed a latent growth potential. The Meteorological Department has predicted a normal monsoon this year. The right mix of reforms, governance and push from the rain gods, could witness the foundation for a stronger economy.

### SHARE CAPITAL

During the year under review, the Authorised Share Capital was increased from Rs. 5,00,00,000 (Rupees Five Crores) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs. 10 (Rupees Ten) each to Rs. 76,00,00,000 (Rupees Seventy-Six Crores) divided into 7,60,00,000 (Seven Crores Sixty Lacs) Equity Shares of Rs. 10 (Rupees Ten) each. The increase in the Authorised Share Capital was pursuant to the approval of the Members granted at their Extraordinary General Meeting held on 15<sup>th</sup> June, 2015.

During the year under review, 5,95,00,000 (Five Crores Ninety-five Lacs) Equity Shares of the face value of Rs. 10 each aggregating to Rs. 59,50,00,000 (Rupees Fifty Nine Crores Fifty Lacs) were issued and allotted for cash at par to the existing Shareholders of the Company on a Rights basis. Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up Share Capital of the Company stands at Rs. 60,55,00,000 (Rupees Sixty Crores Fifty-five Lacs) comprising of 6,05,50,000 (Six Crores Five Lacs Fifty Thousand) Equity Shares of Rs. 10 each, fully paid-up.

During the year under review, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise nor has issued any sweat equity. The Company has not formulated any Employees' Stock Option Scheme during the year under review. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

As on 31<sup>st</sup> March, 2016, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

### DIRECTORS

Mr. Ramesh Iyer (DIN: 00220759) resigned as the Director of the Company with effect from 12<sup>th</sup> October, 2015. Consequent upon his resignation as the Director, Mr. Ramesh Iyer also ceased to be the Chairman of the Board. The Board acknowledged Mr. Ramesh Iyer's contribution to the Company and placed on record its deep appreciation of the invaluable counsel rendered by him to the Company and his immense contribution in guiding the management during his tenure as the Chairman and as a Director of the Company. The Board of Directors at its meeting held on 11<sup>th</sup> January, 2016, appointed Mr. V. Ravi as the Chairman of the Board of Directors.

The Board of Directors at its meeting held on 12<sup>th</sup> October, 2015, had, subject to the approval of the Members at the general meeting, appointed Mr. Ashutosh Bishnoi (DIN: 02926849) as an Additional Director. The Board of Directors at the said meeting also appointed Mr. Ashutosh Bishnoi as the Managing Director & Chief Executive Officer of the Company, upon the recommendation of the Nomination and Remuneration Committee and subject to the approval of Members at the general meeting. The Members at their Extraordinary General Meeting held on 4<sup>th</sup> November, 2015, approved the appointment of Mr. Ashutosh Bishnoi as the Director not liable to retire by rotation and also approved his appointment as the Managing Director & Chief Executive Officer of the Company, by way of a special resolution. Pursuant to the provisions of Section 197 read with Schedule V of the Companies Act, 2013, the payment of remuneration to Mr. Ashutosh Bishnoi is subject to the approval of the Central Government. An application has been made to the Central Government in this regard and, as on the date of this Report, is pending for approval.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. V. Ravi (DIN:00307328), Chairman and Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting scheduled to be held on 12<sup>th</sup> July, 2016 and being eligible, offers himself for re-appointment.

#### KEY MANAGERIAL PERSONNEL

Mr. Rajesh Vasudevan was appointed as the Chief Financial Officer of the Company with effect from 14<sup>th</sup> March, 2016.

Mr. Ashutosh Bishnoi, Managing Director & Chief Executive Officer; Mr. Rajesh Vasudevan, Chief Financial Officer and Mr. Abhijeet Gogate, Company Secretary are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013.

#### COMPOSITION OF THE BOARD

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. The Company has a Non-Executive Non-Independent Chairman, a Managing Director and two Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

None of the Independent Directors are due for re-appointment. None of the Directors hold directorships in more than 10 public companies. None of the Directors are related to each other.

#### Board Meetings and Annual General Meeting

During the Financial Year 2015-16, the Board of Directors met five times; on 7<sup>th</sup> April, 2015, 8<sup>th</sup> July, 2015, 12<sup>th</sup> October, 2015, 11<sup>th</sup> January, 2016 and 14<sup>th</sup> March, 2016.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2015-16 and at the last Annual General Meeting (AGM) of the Company held on 8<sup>th</sup> July, 2015 are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2015-16		Attendance at the last Annual General Meeting held on 8 <sup>th</sup> July, 2015 (Yes/No/N.A.)
		Held	Attended	
Mr. Ramesh Iyer <sup>(1)</sup> (Former Chairman)	Non-Executive Non-Independent Director	5	3	Yes
Mr. V. Ravi <sup>(2)</sup> (Chairman)	Non-Executive Non-Independent Director	5	5	Yes
Mr. Ashutosh Bishnoi <sup>(3)</sup> (Managing Director & Chief Executive Officer)	Executive Director	5	2	N.A.
Mr. Gautam Divan	Independent Director	5	5	Yes
Mr. Sethu Gururajan	Independent Director	5	5	Yes

#### Notes:

- <sup>(1)</sup> Mr. Ramesh Iyer has resigned as Chairman and Member of the Board with effect from 12<sup>th</sup> October, 2015.  
<sup>(2)</sup> Mr. V. Ravi was appointed as the Chairman with effect from 11<sup>th</sup> January, 2016.  
<sup>(3)</sup> Mr. Ashutosh Bishnoi was appointed as the Managing Director & Chief Executive Officer with effect from 12<sup>th</sup> October, 2015.

#### COMMITTEES OF THE BOARD

##### a) Audit Committee

During the year under review, an adequately qualified and experienced Audit Committee of the Board of Directors was constituted. As on 31<sup>st</sup> March, 2016, the Audit Committee comprised of two Independent Directors and one Non-Executive Non-Independent Director. The Committee is comprised of Mr. Gautam Divan (Chairman) and Mr. Sethu Gururajan, both Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The Audit Committee met once during the year under review on 11<sup>th</sup> January, 2016. All the members of the Committee were present at the said Meeting of the Audit Committee. All the recommendations made by the Audit Committee have been accepted by the Board.

The terms of reference of the Audit Committee are as follows:

- (i) to recommend the appointment, remuneration and terms of appointment of auditors of the company;
- (ii) to review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) to meet the Internal Auditors and the Statutory Auditors periodically and to discuss the scope of audit, observations of the Auditors and other related matters;
- (iv) to have discussion with the Internal Auditors periodically about internal control systems and to ensure compliance of internal control systems;
- (v) examination of the financial statement and the auditors' report thereon;



- (vi) approval or any subsequent modification of transactions of the Company with related parties;
- (vii) scrutiny of inter-corporate loans and investments;
- (viii) valuation of undertakings or assets of the Company, wherever it is necessary;
- (ix) evaluation of internal financial controls and risk management systems;
- (x) Monitoring the end use of funds raised through public offers and related matters, wherever it is necessary.

**b) Nomination and Remuneration Committee**

During the year under review, a Nomination and Remuneration Committee of the Board of Directors was constituted. As on 31<sup>st</sup> March, 2016, the Nomination and Remuneration Committee comprised of two Independent Directors and one Non-Executive Non-Independent Director.

The Committee is comprised of Mr. Sethu Gururajan (Chairman) and Mr. Gautam Divan, both Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The Nomination and Remuneration Committee met twice during the year under review on 12<sup>th</sup> October, 2015 and 11<sup>th</sup> January, 2016. All the members of the Committee were present at the said Meetings of the Nomination and Remuneration Committee.

The terms of reference of the Nomination and Remuneration Committee are as follows:

- a) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria to be laid down, recommend to the Board their appointment and removal;
- b) To carry out evaluation of every director's performance;
- c) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. While formulating the policy, the Committee shall ensure that—
  - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- d) to govern, administer, control and manage from time to time the schemes for rewarding employees by way of stock options, stock appreciation rights or in such other manner as may be determined by the appropriate authority from time to time;
- e) to discharge from time to time such other acts, duties and

functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

The Company has adopted the Policy to determine qualifications, positive attributes and independence of Directors and evaluation of the Board, Committees and individual Directors; the 'Policy on Remuneration of Directors' and 'Remuneration Policy for Key Managerial Personnel and Employees' as required under sub-section (3) of Section 178 of the Companies Act, 2013. The 'Policy on Remuneration of Directors' and 'Remuneration Policy for Key Managerial Personnel and Employees' of the Company are appended as **Annexure I** to this Report in accordance with the provisions of sub-section (4) of Section 178 of the Companies Act, 2013.

Besides the aforesaid Board Committees, the Company also has an Investment Committee, a Valuation Committee and a Risk Management Committee. These are the committees of management formed in compliance of SEBI Regulations applicable to the Asset Management Companies.

**PERFORMANCE EVALUATION OF THE BOARD**

Pursuant to the provisions of the Companies Act, 2013, the Board has adopted the Evaluation Framework and carried out an annual performance evaluation of its own performance, the performance of directors individually as well as the evaluation of the working of Committees of the Board.

Well-defined and structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspectives etc.

The evaluation process involves self-evaluation by the Board members and subsequent assessment by the Nomination and Remuneration Committee and the Board of Directors based on the inputs received from all the Directors through the questionnaires. In general, the Directors have expressed their satisfaction with the evaluation process.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declarations from the Independent Directors confirming that they fulfil the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013.

**MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors met once during the year under review. The meeting was conducted in an informal manner without the presence of the Managing Director, the Non-Executive Non-Independent Director and any of the Key Managerial Personnel.

**PARTICULARS OF REMUNERATION**

The Company had two employees who were in receipt of remuneration of not less than Rs. 5,00,000 per month during part of the year under review.

Details of employees as required under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure II**.

#### **EXTRACT OF THE ANNUAL RETURN**

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31<sup>st</sup> March, 2016 forms part of this Report and is appended as **Annexure III**.

#### **HUMAN RESOURCES**

Your Company strongly believes in maintaining the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited. The Company has taken the necessary steps to enhance awareness amongst its employees in respect of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year, the Company has not received any complaints of sexual harassment.

As on 31<sup>st</sup> March, 2016, the Company had 25 permanent employees.

#### **CODE OF CONDUCT FOR CORPORATE GOVERNANCE**

The Company has adopted Code of Conduct for Corporate Governance ("the Code") for its Senior Management and Employees. The Code enunciates the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

#### **AUDITORS**

##### **Statutory Auditors**

Messrs. B. K. Khare & Co., Chartered Accountants [ICAI Firm Registration No. 105102W], hold the office of the Statutory Auditors of the Company for a period of 5 years from the conclusion of the Annual General Meeting (AGM) held on 7<sup>th</sup> August, 2014 till the conclusion of the Sixth AGM of the Company to be held in the year 2019. The appointment is subject to the ratification of their appointment by shareholders at every Annual General Meeting.

As required under the provisions of Section 139(1) read with Section 141 of the Companies Act, 2013, the Company has obtained a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants, to the effect that their appointment as the Statutory Auditors, if ratified by the shareholders, would be in conformity of the criteria specified in the said Sections.

Pursuant to the recommendation of the Audit Committee, the Board of Directors recommend to the shareholders ratification of the appointment of Messrs. B. K. Khare & Co., Chartered Accountants as the Statutory Auditors of the Company from the forthcoming Annual General Meeting (Third AGM) till the conclusion of the next Annual General Meeting (Fourth AGM) of the Company.

The Report of Statutory Auditors forms part of this Annual Report. There is no qualification, reservation or adverse remark

in the Auditors' Report.

During the year under review, there were no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

#### **Secretarial Auditor**

The Board of Directors of the Company appointed Ms. Neha Shroff, Practicing Company Secretary, to conduct the Secretarial Audit of the Company, pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2015-16 furnished by the Secretarial Auditor is appended to this Report as **Annexure IV**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### **ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY**

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

#### **INTERNAL FINANCIAL CONTROL SYSTEM**

Your Company has in place, adequate internal financial controls with reference to financial statements, commensurate with the size, scale and nature of its operations.

The Management is responsible for establishing and maintaining internal controls for financial reporting. The effectiveness of the internal control systems of the Company pertaining to financial reporting is reviewed by the Statutory Auditors and the Audit Committee to ensure that Financial Statements of the Company present a true and fair view of the state of affairs of the Company.

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

#### **INTERNAL AUDITORS**

In compliance with the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, Messrs. HariBhakti & Co. LLP, Chartered Accountants were appointed as the Internal Auditors of the Company during the year under review. The report(s) of the Internal Auditors are reviewed by the Audit Committee of the Board and wherever deemed necessary, the systems are strengthened and corrective actions taken.

#### **PARTICULARS OF LOANS, GUARANTEES, SECURITIES, INVESTMENTS**

During the year under review, the Company has not made investments under Section 186 of the Companies Act, 2013.

The Company has not made any loan/advance in the nature of loan which is otherwise required to be disclosed in the annual accounts of the Company, the Holding Company (Mahindra & Mahindra Financial Services Limited) or the ultimate Holding

Company (Mahindra & Mahindra Limited), pursuant to the provisions of Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule V annexed to the said Regulations.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- i. In the preparation of the annual accounts for the Financial Year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed and there are no material departures in adoption of these standards.
- ii. The Directors 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<sup>st</sup> March, 2016 and of the loss of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care 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.
- iv. The Directors have prepared the annual accounts for Financial Year ended 31<sup>st</sup> March, 2016 on a 'going concern' basis.
- v. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)**

During the year under review, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Pursuant to provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of this Report.

#### **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in **Annexure V**.

#### **RISK MANAGEMENT POLICY**

A Risk Management Policy for the proposed Asset Management Business is approved by the Board of Directors and is in place. The Risk Management Committee will design a well defined risk management framework and ensure its ongoing implementation. During the year under review, the Company did not commence any operations.

#### **SUBSIDIARIES**

The Company did not have any subsidiary as on 31<sup>st</sup> March, 2016 nor during the Financial Year ended on that date.

#### **PUBLIC DEPOSITS**

The Company has not accepted any deposits from public or its employees during the year under review. The Company did not have any deposits falling under Rule 2(i)(c) of the Companies (Acceptance of Deposits) Rules, 2014, during the year under consideration. During the year under review, there were no deposits which were not in compliance with the requirements of Chapter V of the Companies Act, 2013.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

#### **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as, during the year under review, there were no transactions/events pertaining to these items and/or they were not applicable:

- Payment of Remuneration or Commission to the Managing Director or the Whole Time Director of the Company from its Holding Company or from any of its subsidiaries.
- Details about the policy developed and implemented by the Company on Corporate Social Responsibility initiative taken during the year.

**For and on behalf of the Board**

Registered Office:  
 "A" Wing, 4<sup>th</sup> Floor,  
 Mahindra Towers, 570 P. B. Marg,  
 P. K. Kurne Chowk, Worli  
 Mumbai – 400018.  
 CIN : U65900MH2013PTC244758  
 Tel. : 91 22 6652 6000  
 Fax: 91 22 2498 4170  
 Email: mamc@mahindra.com  
 Website: www.mahindramutualfund.com

**V. Ravi**  
 Chairman

Mumbai, 12<sup>th</sup> April, 2016

## ANNEXURE I TO THE DIRECTORS' REPORT

### Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company

#### POLICY ON REMUNERATION OF DIRECTORS

##### Prelude

The Company will be engaged as an investment manager to the Mahindra Mutual Fund and is currently in the process of obtaining regulatory approval for mutual fund products from the Securities and Exchange Board of India (SEBI).

This Policy shall be effective from the Financial Year 2015 - 16.

##### Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra Asset Management Company Private Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider, amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors etc.

##### Directors

The Managing Director/Executive Director is an executive of the Company and draws remuneration from the Company. The Non-Executive and Independent Directors may receive sitting fees for attending the meetings of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive and Independent Directors would be entitled to the remuneration

under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the Holding Company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors, if any, shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director/Executive Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and Shareholders of the Company subject to such other approvals as may be required.

Non Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of Companies Act, 2013.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the persons to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

##### Managing Director/Executive Director

The term of office and remuneration of Managing Director/Executive Director are subject to the approval of the Board of Directors, Shareholders and the Central Government, as may be required, and the limits laid down under the Companies Act, 2013, from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Director reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Director, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013, to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment etc., as per the Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board. In terms of the Shareholders' approval, the Commission may be paid to Managing Director/Executive Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/

Executive Director to choose the allowances as well as the quantum based on laid down limits as per the Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal year to arrive at the BSC rating of the business and performance rating of the individual. Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Director is entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities etc., as per the policies of the Company. The Managing Director/Executive Director is entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

#### **Disclosures**

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Director and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

## **REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

This Policy shall be effective from the Financial Year 2015-16.

### **Objective**

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

### **Definition(s)**

"Key Managerial Personnel" (KMP) as defined in Section 2(51) of the Companies Act, 2013 means:

- i) the Chief Executive Officer or the Managing Director or Manager;
- ii) the Company Secretary;
- iii) the Whole-time Director;
- iv) the Chief Financial Officer; and
- v) such other officer as may be prescribed.

### **Standard**

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives, either monthly or quarterly, based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option Scheme, car scheme, medical & dental benefit, loans, insurance etc. as per grades.

### **Increments**

- Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

## ANNEXURE II TO THE DIRECTORS' REPORT

Additional Information as required under Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors' Report for the year ended 31st March, 2016.

Name of Employee	Designation	Gross Remuneration (subject to income-tax) (Rs. in Lacs)	Qualifications	Experience (Years)	Age (Years)	Date of Commencement of Employment	Last Employment held, Designation and Organisation
Mr. Ashutosh Bishnoi	Managing Director and Chief Executive Officer	52.52	B.Com., M.B.A.	33	55	01.09.2015	L & T Investment Management Limited Designation: CEO
Mr. Rahul Pal	Head – Fixed Income	41.75	B.Com (H), A.C.A.	15	39	21.09.2015	Taurus Asset Management Company Limited Designation: Head – Fixed Income

## Notes:

- In case of Mr. Rahul Pal, nature of employment is permanent, subject to termination on three months' notice on either side. The appointment of Mr. Ashutosh Bishnoi as an employee is effective from 1<sup>st</sup> September, 2015 and is permanent in nature, subject to termination on three months' notice on either side. The appointment of Mr. Ashutosh Bishnoi as Managing Director & Chief Executive Officer is effective from 12<sup>th</sup> October, 2015 and is for a period of three years from that date. Remuneration paid to Mr. Ashutosh Bishnoi is as the Managing Director & Chief Executive Officer.
- Both the employees mentioned above were appointed during the F.Y. 2015-16 and hence were employed for part of the year.
- Terms and conditions of employment are as per Company's Rules.
- Information about qualifications and last employment is based on particulars furnished by the concerned employee.
- None of the employees mentioned above is related to any Director of the Company.
- No employee was in receipt of remuneration more than the remuneration drawn by the Managing Director and holds by himself or alongwith his spouse and dependent children 2% or more of the equity shares of the Company.
- Remuneration means Remuneration as defined in Section 2(78) of the Companies Act, 2013.

**For and on behalf of the Board**

**V. Ravi**  
Chairman

Mumbai, 12<sup>th</sup> April, 2016

**ANNEXURE III TO THE DIRECTORS' REPORT**

FORM NO. MGT-9

Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March, 2016[Pursuant to Section 92(3) and Rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS**

i.	CIN	U65900MH2013PTC244758
ii.	Registration Date	20 <sup>th</sup> June, 2013
iii.	Name of the Company	Mahindra Asset Management Company Private Limited
iv.	Category/Sub-Category of the Company	Public Limited Company (being a subsidiary of a Public Limited Company)
v.	Address of the Registered office and contact details	4 <sup>th</sup> Floor, Mahindra Towers, A Wing, P. B. Marg, Worli, Mumbai - 400018. Tel.: 91 22 6652 6000 Fax: 91 22 2498 4170
vi.	Whether listed company Yes/No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	N.A.*	N.A.*	N.A.*

\* The company has not commenced any business activities during the year under consideration.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	100*	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited. Gateway Building, Apollo Bunder, Mumbai - 400 001	L65921MH1991PLC059642	Holding Company	100	Section 2(46)

\* There is no direct Shareholding in the Company by Mahindra &amp; Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra &amp; Mahindra Financial Services Limited, Subsidiary of Mahindra &amp; Mahindra Limited.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	10,50,000	10,50,000	100	-	6,05,50,000	6,05,50,000	100	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	10,50,000	10,50,000	100	-	6,05,50,000	6,05,50,000	100	-
<b>(2) Foreign</b>									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	<b>10,50,000</b>	<b>10,50,000</b>	<b>100</b>	-	<b>6,05,50,000</b>	<b>6,05,50,000</b>	<b>100</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>10,50,000</b>	<b>10,50,000</b>	<b>100</b>	-	<b>6,05,50,000</b>	<b>6,05,50,000</b>	<b>100</b>	-

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	10,49,998	100	-	6,05,49,998	100	-	-
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	1	-	-	1	-	-	-
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. V. Ravi	1	-	-	1	-	-	-
	<b>Total</b>	<b>10,50,000</b>	<b>100</b>	<b>-</b>	<b>6,05,50,000</b>	<b>100</b>	<b>-</b>	<b>-</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>Mahindra &amp; Mahindra Financial Services Limited</b> along with joint holders				
At the beginning of the year	10,50,000	100	6,05,50,000	100
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	<b>Reason for increase/decrease</b>	<b>Date</b>	<b>No. of shares</b>	<b>% increase/decrease</b>
	Allotment on a Rights basis	26.08.2015	5,25,00,000	Nil
	Allotment on a Rights basis	15.03.2016	70,00,000	Nil
	<b>Total</b>	-	<b>5,95,00,000</b>	<b>Nil</b>
At the end of the year	10,50,000	100	6,05,50,000	100

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Not Applicable			
At the End of the year (or on the date of separation, if separated during the year)				

**(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<sup>(1)</sup> Mr. Ramesh Iyer - Director (jointly with Mahindra & Mahindra Financial Services Ltd.)				
	At the beginning of the year	1	-	1	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	1	-	1	-
2	Mr. V. Ravi - Director (jointly with Mahindra & Mahindra Financial Services Ltd.)				
	At the beginning of the year	1	-	1	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	1	-	1	-
3	<sup>(2)</sup> Mr. Ashutosh Bishnoi – Managing Director & Chief Executive Officer				
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	-	-	-	-
4	Mr. Gautam Divan – Director				
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	-	-	-	-
5	Mr. Sethu Gururajan – Director				
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the beginning of the year	-	-	-	-
6	<sup>(3)</sup> Mr. Rajesh Vasudevan – Chief Financial Officer				
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	-	-	-	-
7	Mr. Abhijeet Gogate – Company Secretary				
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	-	-	-	-

## Notes :

- (1) Mr. Ramesh Iyer has resigned as Chairman and Member of the Board with effect from 12<sup>th</sup> October, 2015.
- (2) Mr. Ashutosh Bishnoi was appointed as the Managing Director & Chief Executive Officer of the Company with effect from 12<sup>th</sup> October, 2015.
- (3) Mr. Rajesh Vasudevan was appointed as the Chief Financial Officer of the Company with effect from 14<sup>th</sup> March, 2016.

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Change in Indebtedness during the financial year</b>	–	–	–	–
• Addition	–	–	–	–
• Reduction	–	–	–	–
<b>Net Change</b>	–	–	–	–
<b>Indebtedness at the end of the financial year</b>	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	–	–	–	–

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs. In Lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director – Mr. Ashutosh Bishnoi (Managing Director & Chief Executive Officer)	Whole time Director	Manager	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act 1961	52.52	–	–	52.52
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	–	–	–	–
2.	Stock option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of profit				
	– others, specify...				
5.	Others, please specify	–	–	–	–
	<b>Total (A)</b>	<b>52.52</b>	–	–	<b>52.52</b>
	Ceiling as per the Act				56.39*

**B. Remuneration to other directors:**

(Rs. In Lacs)

Sl. No.	Particulars of Remuneration	Names of Directors		Total Amount
		Mr. Gautam Divan	Mr. Sethu Gururajan	
<b>1.</b>	<b>Independent Directors</b>			
	Fee for attending board/committee meetings	1.20	1.20	2.40
	Commission	–	–	–
	Others	–	–	–
	<b>Total (1)</b>	<b>1.20</b>	<b>1.20</b>	<b>2.40</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>	<b>Mr. Ramesh Iyer<sup>#</sup></b>	<b>Mr. V. Ravi</b>	
	Fee for attending board/committee meetings	–	–	–
	Commission	–	–	–
	Others	–	–	–
	<b>Total (2)</b>	–	–	–

(Rs. In Lacs)

Sl. No.	Particulars of Remuneration	Names of Directors		Total Amount
	<b>Total (B)=(1+2)</b>	<b>1.20</b>	<b>1.20</b>	<b>2.40</b>
	<b>Total Managerial Remuneration [(A) + (B)]</b>			<b>54.92</b>
	Overall Ceiling as per the Act**			

# Mr. Ramesh Iyer has resigned as Chairman and Member of the Board with effect from 12<sup>th</sup> October, 2015.

\* For the remuneration paid to the Managing Director during the F.Y. 2015-16, ceiling of Rs. 56.39 Lacs is applicable. The Ceiling is calculated as per the provisions of Section 197 read with Section II of Part II of Schedule V of the Companies Act, 2013.

\*\* Pursuant to the provisions of Section 197(2) of the Companies Act, 2013, the overall ceiling on the remuneration to directors is exclusive of sitting fees paid to directors for attending the meetings of the Board or Committees thereof. The sitting fees paid to Directors is within the limit prescribed therefor Under Section 197(5) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross Salary	-	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961.	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961.	-	-	-	-
2.	Stock option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others	-	-	-	-
	<b>Total</b>	-	-	-	-

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					

**ANNEXURE IV TO THE DIRECTORS' REPORT****SECRETARIAL AUDIT REPORT**

**[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**For the Financial Year ended 31<sup>st</sup> March, 2016**

To,  
The Members,  
Mahindra Asset Management Company Private Limited  
4th Floor, A-Wing, Mahindra Towers,  
Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli.  
Mumbai- 400 018.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Asset Management Company Private Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31<sup>st</sup> March, 2016 in a manner that provided me reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

On the basis of the above and on my verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Audit, I hereby report that in my opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2016 according to the provisions of the Companies Act, 2013 and the Rules made there under.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

The Company being an unlisted company, Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 does not apply. However, during the period under review, the company has made an application to Securities and Exchange Board of India (hereinafter referred to as "SEBI") for grant of registration to Mahindra Mutual Fund in accordance with the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996 as amended from time to time. Consequently, the Company was granted Registration Certificate by SEBI vide its letter dated 4th February, 2016. Further, the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made there under do not apply to the company.

During the period under review, the Company has complied with the provisions of the applicable Act/ Rules/Regulations/ Guidelines/Circulars/Standards etc mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period covered under the Audit were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on Agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting. Majority decision is carried through and recorded as part of the minutes. I understand that there were no dissenting members' views requiring to be captured in the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc:

- i) Members, in their Extraordinary General Meeting held on 15<sup>th</sup> June, 2015 have consented to increase the Authorised Capital of the Company from Rs. 5,00,00,000 (Rupees Five Crores only) to Rs. 76,00,00,000 (Rupees Seventy-Six Crores only) pursuant to Section 61 and all other applicable provisions of the Companies Act, 2013 (the 'Act') read with Companies (Share Capital and Debentures) Rules, 2014. The Members have also given their consent for amendment of clause V(A) of the Memorandum of Association and Clause 2(A) of the Articles of Association w.r.t. the increase in the Authorised Capital of the Company as referred above.

- ii) Members, in their Annual General Meeting held on 8<sup>th</sup> July, 2015 have given their consent to adopt new set of Articles of Association of the Company in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.
- iii) The Board of Directors in their meeting dated 8<sup>th</sup> July, 2015 resolved to offer/issue/allot 5,67,00,000 Equity Shares of Rs. 10 each for cash at par aggregating Rs. 56,70,00,000 on a rights basis to the existing Members of the Company, in the ratio of 54 new Equity Shares for every 1 Equity Share held in the Company. Consequently, 5,25,00,000 equity shares were allotted raising the paid up capital of the Company to Rs. 53,55,00,000.
- iv) The Board of Directors in their meeting dated 11<sup>th</sup> January, 2016 resolved to offer/issue/allot 1,78,50,000 Equity Shares of Rs. 10 each for cash at par aggregating Rs. 17,85,00,000 on a rights basis to the existing Members of the Company, in the ratio of 1 new Equity Share for every 3 Equity Shares held in the Company. Consequently, 70,00,000 equity shares were allotted raising the paid up capital of the Company to Rs. 60,55,00,000.

Place: Mumbai  
Date: 12<sup>th</sup> April, 2016

**Neha Shroff**  
Company Secretary  
(ACS 17456, CP -7302)

---

To,  
The Members,  
Mahindra Asset Management Company Private Limited  
4th Floor, A-Wing, Mahindra Towers,  
Dr. G. M. Bhosale Marg, P. K. Kurne Chowk,  
Worli, Mumbai- 400 018.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the company.

Place: Mumbai  
Date: 12<sup>th</sup> April, 2016

**Neha Shroff**  
Company Secretary  
(ACS 17456, CP -7302)

## ANNEXURE V TO THE DIRECTORS' REPORT

**Information pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo.**

### (A) Conservation of energy

- i. The steps taken or impact on conservation of energy.

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption

- ii. The steps taken by the company for utilising alternate sources of energy.

The operations of your company are not energy intensive.

- iii. The capital investment on energy conservation equipments: NIL

### (B) Technology absorption-

- i the efforts made towards technology absorption: None

- ii the benefits derived like product improvement, cost reduction, product development or import substitution: – Not applicable.

- iii in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

- |  |                  |
|--|------------------|
| a) the details of the technology imported  | : None           |
| b) the year of import  | : Not applicable |
| c) whether the technology has been fully absorbed  | : Not applicable |
| d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and | : Not applicable |

- iv the expenditure incurred on Research and Development. – Nil.

### (C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

There were no foreign exchange earnings or outgo during the year under consideration.

**For and on behalf of the Board**

Place: Mumbai  
Date: 12<sup>th</sup> April, 2016

**V. Ravi**  
Chairman

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Mahindra Asset Management Company Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2016, and the statements of profit and loss and cash flow for the period from April 1, 2015 to March 31, 2016, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend

on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the period from April 1, 2015 to March 31, 2016.

#### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - (e) on the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors



is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. The Company did not have any derivative contracts.

- iii. The Company has been in existence for a period less than seven years and hence there is no requirement to transfer any amounts to the Investor Education and Protection Fund.

**FOR B. K. KHARE & CO.**  
Chartered Accountants  
Firm's Registration Number: 105102W

**Padmini Khare Kaicker**  
Partner  
Membership Number: 044784

Place: Mumbai  
Date: April 12, 2016.

## ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone financial statements of **Mahindra Asset Management Company Private Limited** for the year ended March 31, 2016.

### Annexure to the Auditor's Report referred to in our report of even date:

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.
- (c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the company.
- II. On facts, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- III. No parties are covered in the register maintained under Section 189 of Companies Act, 2013 by the Company. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us the provisions of Section 186 of the Companies Act, 2013 have been complied with. During the year, the Company has not provided loan to any of its directors', therefore, provisions of section 185 were not applicable during the year.
- V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.
- VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the company.
- VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the records of the company and information and explanations given to us there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the relevant authority.
- VIII. On the basis of examination of relevant records and according to the information and explanations given to us,

the Company has not borrowed any money from financial institution or bank or debenture holders as at the Balance Sheet date.

- IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.
- X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- XII. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.
- XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**FOR B. K. KHARE & CO.**

Chartered Accountants

Firm's Registration Number: 105102W

**Padmini Khare Kaicker**

Partner

Membership Number: 044784

Place: Mumbai

Date: April 12, 2016.

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Asset Management Company Private Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2015 to March 31, 2016.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the

Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**FOR B. K. KHARE & CO.**

Chartered Accountants

Firm's Registration Number: 105102W

**Padmini Khare Kaicker**

Partner

Membership Number: 044784

Place: Mumbai

Date: April 12, 2016.

**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	Amount in ₹	
		March 2016	March 2015
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
a) Share Capital.....	1	605,500,000	10,500,000
b) Reserves and Surplus.....	2	(45,128,976)	(626,818)
		<b>560,371,024</b>	<b>9,873,182</b>
<b>2) Non-current liabilities</b>			
a) Long term provisions.....	3	612,018	–
<b>3) Current liabilities</b>			
a) Trade payables.....	4	1,576,223	16,854
b) Other current liabilities.....	5	1,737,614	–
c) Short term provisions.....	6	8,035,504	–
		<b>11,349,341</b>	<b>16,854</b>
<b>Total.....</b>		<b>572,332,383</b>	<b>9,890,036</b>
<b>II. ASSETS</b>			
<b>1) Non-current assets</b>			
a) Fixed Assets.....	7		
i) Tangible assets.....		2,896,004	–
b) Long-term loans and advances.....	8	2,312,500	2,312,500
		<b>5,208,504</b>	<b>2,312,500</b>
<b>2) Current assets</b>			
a) Current investments.....	9	556,966,355	7,480,386
b) Cash and bank balance.....	10	896,363	75,369
c) Short-term loans and advances.....	11	5,500,000	–
d) Other current assets.....	12	3,761,161	21,781
		<b>567,123,879</b>	<b>7,577,536</b>
<b>Total.....</b>		<b>572,332,383</b>	<b>9,890,036</b>

**Summary of significant accounting policies and notes to the financial statements** ..... I & II

The notes referred to above form an integral part of the Balance Sheet  
This is the Balance Sheet referred in our report of even date

For **B. K. KHARE & CO.**

Chartered Accountants  
Firm Regn No. 105102W

**Padmini Khare Kaicker**  
Partner

Membership No. 44784

Place : Mumbai

Date : 12<sup>th</sup> April, 2016

For and on behalf of the Board

**V. Ravi**  
Chairman

**Sethu Gururajan**  
Director

**Abhijeet Gogate**  
Company Secretary

**Ashutosh Bishnoi**  
Managing Director & CEO

**Gautam Divan**  
Director

**Rajesh Vasudevan**  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Note No.	Amount in ₹	
		March 2016	March 2015
I. Revenue from operations.....		–	–
II. Other income.....	13	11,957,758	80,386
<b>III. Total Revenue (I + II).....</b>		<b>11,957,758</b>	<b>80,386</b>
<b>IV. Expenses:</b>			
Employee benefits expense.....	14	35,699,859	–
Depreciation and amortization expense.....		357,518	–
Other expenses .....	15	20,402,539	657,986
<b>Total expenses .....</b>		<b>56,459,916</b>	<b>657,986</b>
<b>V. Profit before tax (III - IV) .....</b>		<b>(44,502,158)</b>	<b>(577,600)</b>
<b>VI. Tax expense:</b>			
(1) Current tax .....		–	–
(2) Deferred tax .....		–	–
<b>VII. Profit/(Loss) for the period (V - VI) .....</b>		<b>(44,502,158)</b>	<b>(577,600)</b>
<b>VIII. Earnings per equity share (Rupees): .....</b>	16		
(1) Basic.....		(1.35)	(0.01)
(2) Diluted .....		(1.35)	(0.01)
<b>Summary of significant accounting policies and notes to the financial statements .....</b>	I & II		

The notes referred to above form an integral part of the Statement of Profit & Loss

This is the Statement of Profit & Loss referred in our report of even date

For **B. K. KHARE & CO.**

Chartered Accountants  
Firm Regn No. 105102W

**Padmini Khare Kaicker**  
Partner

Membership No. 44784

Place : Mumbai

Date : 12<sup>th</sup> April, 2016

For and on behalf of the Board

**V. Ravi**  
Chairman

**Sethu Gururajan**  
Director

**Abhijeet Gogate**  
Company Secretary

**Ashutosh Bishnoi**  
Managing Director & CEO

**Gautam Divan**  
Director

**Rajesh Vasudevan**  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

		Amount in ₹	
		March 2016	March 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxes and contingencies.....		(44,502,158)	(577,600)
Add/Less :			
Non Cash Expenses:			
Depreciation.....		357,518	-
Amortisation on Intangible Assets.....		-	-
Provision for Non-Performing Assets (net).....		-	-
Employee Compensation Expense on account of ESOS.....		-	-
		<b>357,518</b>	-
Add: Items considered separately:			
Income on investing activities.....		-	-
Interest expense.....		-	-
(Profit)/Loss on sale of assets.....		-	-
(Profit)/Loss on sale of Investment.....		-	-
		-	-
Operating profit before working capital changes.....	<b>(I)</b>	(44,144,640)	(577,600)
Add/Less:			
(Increase)/Decrease in interest accrued others.....		(251,296)	-
(Increase)/Decrease in Loans & Advances.....		-	-
(Increase)/Decrease in Current Assets.....		(3,488,084)	(19,927)
		<b>(3,739,380)</b>	<b>(19,927)</b>
Add: Increase in Current Liabilities & Provisions.....		11,944,505	-
	<b>(II)</b>	8,205,125	(19,927)
Cash generated from operations.....	<b>(I+II)</b>	(35,939,515)	(597,527)
Advance taxes paid.....		-	-
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b> .....		<b>(35,939,515)</b>	<b>(597,527)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets.....		(3,253,522)	-
Sale of Fixed Assets.....		-	-
Purchase of Investments.....		(562,466,355)	(8,680,386)
Sale of Investments.....		7,480,385	1,200,000
Purchase of Software.....		-	(2,312,500)
Income received on investments.....		-	-
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b> .....		<b>(558,239,492)</b>	<b>(9,792,886)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of Equity Shares.....		595,000,000.00	10,000,000
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b> .....		<b>595,000,000</b>	<b>10,000,000</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)</b> .....		<b>820,993</b>	<b>(390,413)</b>
<b>CASH AND CASH EQUIVALENTS AS AT:</b>			
Beginning of the period.....		75,369	465,782
End of the period.....		<b>896,363</b>	<b>75,369</b>

Examined and found correct.

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements.

For **B. K. KHARE & CO.**

Chartered Accountants  
Firm Regn No. 105102W

**Padmini Khare Kaicker**  
Partner

Membership No. 44784

Place : Mumbai

Date : 12<sup>th</sup> April, 2016

For and on behalf of the Board

**V. Ravi**  
Chairman

**Sethu Gururajan**  
Director

**Abhijeet Gogate**  
Company Secretary

**Ashutosh Bishnoi**  
Managing Director & CEO

**Gautam Divan**  
Director

**Rajesh Vasudevan**  
Chief Financial Officer

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### 1) BASIS OF PREPARATION OF ACCOUNTS

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under section 133 of the Companies Act 2013.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets & liabilities.

#### 2) USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including Contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

#### 3) INVESTMENTS

Investments held as Long –Term Investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than Long Term investments are classified as current Investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments in accordance with the Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

#### 4) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more certain future events not wholly within the control of the company.

#### 5) REVENUE RECOGNITION

- (i) Dividend from investments is accounted for as income when the right to receive dividend is established.
- (ii) Interest income is accounted on accrual basis.

#### 6) SHARE ISSUE EXPENSES

Expenses incurred in connection with fresh issue of share capital is charged to Profit and Loss account in the year in which they are incurred.

#### 7) FIXED ASSETS

Fixed assets are stated at cost of acquisition (including incidental expenses), less depreciation.

#### 8) DEPRECIATION

Depreciation on fixed assets is calculated by the straight line method at rates determined with reference to the useful life of fixed assets and in the manner provided for in Schedule II to the Companies Act 2013 except:

- (i) Motor cars where useful life is estimated at 4 years as against 8 years per Schedule II since the employees to whom these cars have been allotted as part of their terms of employment are entitled to change their vehicles every four years, and
- (ii) Fixed assets having value individually less than INR 5000 where useful life is estimated at less than one year having regard to the nature of these assets and the difficulty in estimating the useful life.

Further, residual value for all assets is considered Nil having regard to the difficulty in reasonably estimating the same and, in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

Accordingly, useful life of assets is estimated as follows:

Employee Vehicles	– 4 Years
Computer	– 3 Years
Furniture	– 10 Years
Office Equipment	– 5 Years
Assets costing less than INR 5000	– < 1 year

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months based on estimates of useful life.

#### 9) EMPLOYEE BENEFITS

Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as the Balance Sheet date, made by independent actuaries.

##### a) Defined Contribution Plans –

Company's contribution paid/payable during the year to Provident Fund, Superannuation and Labour Welfare Fund are recognised in Statement of Profit & Loss.

##### b) Defined Benefit Plan –

Company's liabilities towards gratuity & leave encashment is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

#### 10) IMPAIRMENT ASSETS

The carrying value of assets/cash generating units at each balance sheet date is reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

#### 11) TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realized

#### 12) PROVISIONS AND CONTINGENT LIABILITIES

- a) Provision for doubtful debts is made on the basis of standard norms and also, where required, on actual evaluation.
- b) Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

**13) EARNING PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**14) FOREIGN EXCHANGE TRANSACTIONS AND TRANSLATIONS**

**a. Initial recognition:**

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

**b. Conversion:**

- i. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in Statement of profit and loss.
- ii. Non-monetary items, which are measured in terms of historical Cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**c. Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- i. Realized gains and losses on settlement of foreign currency transactions are recognized in Statement of profit and loss.
- ii. Foreign currency monetary assets and liabilities at the year-end are translated at the year –end exchange rate and the resultant exchange differences are recognized in the Statement of profit and loss

**15) BORROWING COST**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings

**16) LEASE**

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

**I) GENERAL INFORMATION:**

The Company Mahindra Asset Management Company Private Limited ('the Company') was incorporated under the Companies Act, 1956 on June 20, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services

Ltd. The company is incorporated to function as an Investment Manager to "Mahindra Mutual Fund". The company has received license from SEBI on 4th February 2016 and is awaiting product approvals from SEBI.

**II. NOTES TO THE FINANCIAL STATEMENTS:**

**1) Share Capital:**

Particulars	Amount in ₹	
	March 2016	March 2015
<b>Authorised Capital:</b>		
7,60,00,000 Equity shares of Rs. 10/- each	76,00,00,000	5,00,00,000
(March 2015 : 50,00,000 shares)		
<b>Issued Capital:</b>		
6,05,50,000 Equity shares of Rs. 10/- each	60,55,00,000	1,05,00,000
(March 2015 :10,50,000 shares)		
<b>Subscribed and Paid-up Capital:</b>		
6,05,50,000 Equity shares of Rs. 10/- each	60,55,00,000	1,05,00,000
(March 2015 :10,50,000 shares)		
<b>Total</b>	<b>60,55,00,000</b>	<b>1,05,00,000</b>

Particulars	Amount in ₹			
	March 2016		March 2015	
	Number of Shares	Rupees	Number of Shares	Rupees
<b>a) Reconciliation of the number of shares –</b>				
Number of equity shares outstanding at the beginning of the period	10,50,000	1,05,00,000	50,000	5,00,000
Add : Fresh allotment of shares during the period :	5,95,00,000	59,50,00,000	10,00,000	100,00,000
Less : Shares bought back during the period	-	-	-	-
Number of equity shares outstanding	<u>6,05,50,000</u>	<u>60,55,00,000</u>	<u>10,50,000</u>	<u>1,05,00,000</u>
<b>b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates –</b>				
Holding company : Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	6,05,50,000	60,55,00,000	10,50,000	1,05,00,000
Percentage of holding (%)	100	100	100	100
<b>c) Shareholders holding more than 5 percent shares :</b>				
Mahindra & Mahindra Financial Services Limited	6,05,50,000	60,55,00,000	10,50,000	1,05,00,000



**2) Reserves & Surplus:**

Particulars	Amount in ₹	
	March 2016	March 2015
<b>Surplus:</b>		
Balance Profit as per last Balance Sheet	(6,26,818)	(49,218)
Add : Loss for the current period transferred from Statement of Profit & Loss	(4,45,02,158)	(5,77,600)
Balance Loss carried to Balance Sheet	(4,51,28,976)	(6,26,818)
<b>Less: Allocations &amp; Appropriations:</b>	-	-
<b>Balance Loss as at the end of the period</b>	<b>(4,51,28,976)</b>	<b>(6,26,818)</b>
<b>Total</b>	<b>(4,51,28,976)</b>	<b>(6,26,818)</b>

**3) Long Term Provisions:**

Particulars	Amount in ₹	
	March 2016	March 2015
Provision for employee benefits	6,12,018	-
<b>Total</b>	<b>6,20,018</b>	<b>-</b>

**4) Trade Payables:**

Particulars	Amount in ₹	
	March 2016	March 2015
Trade payables for expenses	15,76,223	16,854
<b>Total</b>	<b>15,76,223</b>	<b>16,854</b>

**5) Other current liabilities:**

Particulars	Amount in ₹	
	March 2016	March 2015
TDS Payable	13,56,306	-
Profession Tax Payable	4,000	-
Contribution to Provident Fund Payable	3,77,308	-
<b>Total</b>	<b>17,37,614</b>	<b>-</b>

**6) Short Term Provisions:**

Particulars	Amount in ₹	
	March 2016	March 2015
Provision for Employee Benefits	79,58,647	-
Provision for Expenses	76,857	-
<b>Total</b>	<b>80,35,504</b>	<b>-</b>

**Note/Schedule: 7**
**Fixed Assets:**

Amount in ₹

Asset Description	GROSS BLOCK AT COST			DEPRECIATION & AMORTISATION			NET BLOCK			
	Balance as at 1 <sup>st</sup> April, 2015	Additions for purchase/transfer	Deductions for Sale/transfer	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 1 <sup>st</sup> April, 2015	Additions for purchase/transfer	Deductions for Sale/transfer	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 1 <sup>st</sup> April, 2015	Balance as at 31 <sup>st</sup> March, 2016
<b>i) Tangible Assets:</b>										
Land	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Plant and Equipment	-	-	-	-	-	-	-	-	-	-
Computers	-	143,824.00	-	143824.00	-	28440.00	-	28440.00	-	115384.00
Furniture and Fixtures	-	98291.00	-	98291.00	-	1772.00	-	1772.00	-	96519.00
Vehicles	-	2801569.00	-	2801569.00	-	315998.00	-	315998.00	-	2485571.00
Office Equipment	-	209838.00	-	209838.00	-	11308.00	-	11308.00	-	198530.00
Others (specify nature)	-	-	-	-	-	-	-	-	-	-
<b>Total (i)</b>	<b>-</b>	<b>3253522.00</b>	<b>-</b>	<b>3253522.00</b>	<b>-</b>	<b>357518.00</b>	<b>-</b>	<b>357518.00</b>	<b>-</b>	<b>2896004.00</b>
<b>ii) Intangible Assets:</b>										
Computer software	-	-	-	-	-	-	-	-	-	-
Any Other (specify)*	-	-	-	-	-	-	-	-	-	-
<b>Total (ii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (i+ii)</b>	<b>-</b>	<b>3253522.00</b>	<b>-</b>	<b>3253522.00</b>	<b>-</b>	<b>357518.00</b>	<b>-</b>	<b>357518.00</b>	<b>-</b>	<b>2896004.00</b>

**8) Long-term loans and advances:**

Particulars	Amount in ₹	
	March 2016	March 2015
Capital Advance	23,12,500	23,12,500
<b>Total</b>	<b>23,12,500</b>	<b>23,12,500</b>

**9) Current Investments:**

Particulars	Amount in ₹	
	March 2016	March 2015
Unquoted (at cost)		
Investment in Schemes of Mutual Fund	55,69,66,355	74,80,386
<b>Total (Market Value Rs 56,33,85,315)</b>	<b>55,69,66,355</b>	<b>74,80,386</b>

**10) Cash and bank balance:**

Particulars	Amount in ₹	
	March 2016	March 2015
Balance with Scheduled Banks in Current Accounts	8,96,363	75,369
<b>Total</b>	<b>8,96,363</b>	<b>75,369</b>

**11) Short-term loans and advances:**

Particulars	Amount in ₹	
	March 2016	March 2015
Inter Corporate Deposits Given (MRHFL)	55,00,000	0
<b>Total</b>	<b>55,00,000</b>	<b>0</b>

12) Other Current Assets:

Particulars	Amount in ₹	
	March 2016	March 2015
Interest accrued on ICD's	2,51,297	0
Deposits for office premises/others	15,25,716	0
Prepaid Expenses	3,40,623	0
Service Tax Credit	12,84,897	21,781
Other Current Assets	2,32,322	0
TDS Receivable	1,26,306	0
<b>Total</b>	<b>37,61,161</b>	<b>21,781</b>

13) Other Income:

Particulars	Amount in ₹	
	March 2016	March 2015
Interest accrued on ICD's	2,79,219	-
Dividend Income Mutual Funds	1,15,62,860	80,386
Profit/Premium on Sale/Redemption of Investment	1,15,679	-
<b>Total</b>	<b>1,19,57,758</b>	<b>-</b>

14) Employee Benefit Expense:

Particulars	Amount in ₹	
	March 2016	March 2015
Salary, Bonus & Incentives	3,41,70,921	-
Company's Contribution to Provident Funds. & other funds	14,89,509	-
Staff Welfare	39,429	-
<b>Total</b>	<b>3,56,99,859</b>	<b>-</b>

15) Other Expenses:

Particulars	Amount in ₹	
	March 2016	March 2015
Electricity Charges	12,37,170	-
Rent Office Premises	48,78,796	-
Rates and Taxes	11,200	(3,708)
Repairs and Maintenance	74,973	-
Insurance	66,821	-
Legal and Professional Charges	11,97,467	44,050
Telephone Expenses	2,17,433	-
Directors sitting fees	2,40,000	50,000
Filing fees	8,39,200	42,790
Bank Charges	2,049	213
Travelling Expenses	4,87,094	42,031
Share Issue Expenses	73,40,000	4,67,610
Auditor Expenses	35,175	15,000
General Administration Expenses	3,52,178	0
Conference & Advertisement	96,167	0
Membership and Subscription	30,32,989	0
Software License Expenses	2,93,827	0
<b>Total</b>	<b>20,402,539</b>	<b>657,986</b>

16) In Accordance with the Accounting Standard on "Earning Per Share" (AS 20) issued by the Institute of Chartered Accountants of India, the EPS are as follows:

Particulars	Amount in ₹	
	FY2015-16	FY 2014-15
Net Profit/(Loss) attributable to Equity Share Holders	(4,45,02,158)	(5,77,600)
Weighted Average Numbers of Shares (*)	3,30,07,313	53,879,500
EPS – (Basic)	(1.35)	(0.01)
EPS – (Diluted)	(1.35)	(0.01)

(\*) The No of shares outstanding for previous year has been adjusted on account of issue of rights shares during the current year as per guidelines of AS-20.

17) Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties which have transactions with our Company during the year:

<b>Holding Company:</b>	Mahindra & Mahindra Financial Services Limited
<b>Fellow Subsidiary Companies:</b>	Mahindra Rural Housing Finance Limited
<b>Key Management Personnel:</b>	Mr. Ashutosh Bishnoi

B) Related party transactions are as under:

Sr. No.	Nature of Transactions	₹ in Lacs		
		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
1	Interest Income on Inter Corporate Deposits given (Gross)	Mahindra Rural Housing Financial Ltd	2.79	(0.00)
2	Expenses	Mahindra and Mahindra Financial Services Ltd	9.83	(0.00)
	Salary Exp Reimbursement from parties		1.89	(0.00)
	Employee Benefit reimbursement to parties			
3	Issue of Equity Shares	Mahindra and Mahindra Financial Services Ltd	5950	(100)
4	Purchase of Fixed Assets	Mahindra and Mahindra Financial Services Ltd	11.35	(0.00)
5	Inter Corporate Deposits given (including interest accrued but not due)	Mahindra Rural Housing Financial Ltd	57.51	(0.00)
6	Remuneration to KMP's	Mr. Ashutosh Bishnoi		52.52
				(0.00)

Notes:

- Mr. Ashutosh Bishnoi has been appointed as Managing Director & CEO of the Company with Effect from 12<sup>th</sup> October 2015 on annual remuneration not exceeding ₹ 252.80 lacs. The company does not have profits for the year and hence has sought Central Government approval for remuneration being paid to Managing Director as required by Sections 197 to 200 of Companies Act, 2013. The remuneration is being paid within the limit specified as per the Provisions of Schedule V of the Companies Act, 2013.

- Figures in bracket represent corresponding figure of previous year.

## 18) Contingent Liabilities and Commitments (to the extent not provided for)

(Rupees in Lacs)

Particulars	Amount in ₹	
	March 2016	March 2015
i. Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	29,47,500	23,12,500
<b>Total</b>	<b>29,47,500</b>	<b>23,12,500</b>

## 19) Employee Benefits

Defined Benefit Plans - As per Actuarial valuation.

(Rupees in Lacs)

	Gratuity (Funded)		Sick Leave (Non-Funded)		Privilege Leave (Non-Funded)	
	Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15

**I. Expenses recognized in the Statement of Profit and Loss Account for the year ending 31<sup>st</sup> March**

1. Current Service Cost	3.23	-	1.23	-	11.78	-
2. Interest Cost	0.07	-	0.01	-	0.16	-
3. Expected Return on Plan assets	0.13	-	-	-	-	-
4. Actuarial (Gains)/Losses	(3.46)	-	(0.66)	-	(8.25)	-
5. Adjustment due to change in opening balance of plan assets	(0.00)	-	-	-	-	-
6. Fund Amount to be transferred From MMFSL Gratuity Fund	2.14	-	-	-	-	-
7. Total Expenses	1.98	-	0.58	-	3.69	-

**II. Net asset/(liability) recognised in the Balance Sheet as at 31<sup>st</sup> March**

1. Present Value of Defined Benefit obligation as 31 <sup>st</sup> March	1.98	-	0.58	-	3.69	-
2. Fair value of plan assets as at 31 <sup>st</sup> March	6.50	-	-	-	-	-
3. Funded status (surplus/(deficit))	4.52	-	(0.58)	-	(3.69)	-
4. Net asset/(liability) as at 31 <sup>st</sup> March	4.52	-	(0.58)	-	(3.69)	-

**III. Change in the obligations during the period ending 31<sup>st</sup> March**

1. Present Value of Defined Benefit Obligation at the beginning of the year	-	-	-	-	-	-
2. Transfer of Projected Benefit obligation from MMFSL	2.14	-	-	-	-	-
3. Current Service Cost	3.23	-	1.23	-	11.78	-
4. Interest Cost	0.07	-	0.01	-	0.16	-
5. Actuarial (Gains)/Loss	(3.46)	-	(0.66)	-	(8.25)	-
6. Benefits Paid	-	-	-	-	-	-
7. Present Value of Defined Obligation at the end of the year	1.98	-	0.58	-	3.69	-

**IV. Major category of plan assets as a percentage of total plan**

	Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15
1. Fair value of plan assets at the beginning of the year	-	-	-	-	-	-
2. Expected Return on Plan assets	0.13	-	-	-	-	-
3. Contributions by employer	6.50	-	-	-	-	-
4. Actuarial Gains/(Losses)	(0.13)	-	-	-	-	-
5. Actual Benefits paid	0.00	-	-	-	-	-
6. Fair value of plan assets at the end of the period	-	-	-	-	-	-

**V. Major category of plan assets as a percentage of total plan**

Funded with LIC	100%	-	-	-	-	-
-----------------	------	---	---	---	---	---

**VI. Actuarial Assumptions**

1. Discount Rate	8%	-	8%	-	8%	-
2. Expected Rate of return on plan assets	8%	-	-	-	-	-
3. Rate of Salary increase	5%	-	5%	-	5%	-
4. In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	-	-	-	-	-

**Experience Adjustments:**

	Year Ended 31 <sup>st</sup> March (₹ In lacs)	
	2016	2015
1. Defined benefit obligations at end of the period	1.98	-
2. Plan assets at the end of period	6.50	-
3. Funded Status Surplus/(Deficit)	4.52	-
4. Experience adjustments on plan liabilities (gain)/loss	(3.46)	-
5. Experience adjustments on plan assets gain/(loss)	-	-

Note: During the year certain employees of Mahindra &amp; Mahindra Financial Services Limited (MMFSL) were transferred to the payroll of the Company

**Signatures to Significant accounting policies and Notes to the financial statements – I and II**

 For **B. K. KHARE & CO.**

Chartered Accountants

**V. Ravi**

Chairman

**Ashutosh Bishnoi**

Managing Director &amp; CEO

**Sethu Gururajan**

Director

**Gautam Divan**

Director

**Padmini Khare Kaicker**  
Partner

Membership No. 44784

**Abhijeet Gogate**

Company Secretary

**Rajesh Vasudevan**

Chief Financial Officer

Place : Mumbai

 Date : 12<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Third Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2016.

### Financial Results

Particulars	Amount in Rs. Lacs	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Income	-	-
Less : Finance Costs	-	-
Expenditure	(4.92)	(1.18)
Depreciation and Amortisation Expenses	-	-
Total Expenses	(4.92)	(1.18)
Profit Before Tax	-	-
Less : Provision for Tax	-	-
Current Tax	-	-
Deferred Tax	-	-
Profit/(Loss) for the period	(4.92)	(1.18)
Profit/(Loss) brought forward from previous period	(2.53)	(1.35)
Transfer to Reserves	-	-

### 2. Dividend

In view of losses incurred by the Company, your Directors do not recommend any dividend for the year under review.

### 3. Reserves

The Company did not transfer any amount to reserves in view of the losses incurred by the Company during the year under review.

### 4. Operations

The Securities and Exchange Board of India vide its letter dated 4<sup>th</sup> February, 2016 has granted the certificate of registration to 'Mahindra Mutual Fund' ("the Fund"). Your Company will be engaged as a Trustee to the Fund. During the year under review, the Company has not commenced any business activities.

The Board of Directors of the Company in their role of trustees have assured that all the systems, policies, procedures, etc., are in place and have ensured that all the start-up activities of the asset management company are in accordance with the provisions of the SEBI (Mutual Fund) Regulations, 1996.

Your Directors would like to present an overview of the Indian Economy with the backdrop of the Equity Markets, Fixed Income Markets and Global events.

### 5. Indian Economy

Despite global turmoil and a truant monsoon, the Indian Economy registered a robust growth of 7.60 percent in the F.Y. 2015-16, thus becoming the fastest growing major

economy in the world. The Budget had set fiscal deficit target of 3.90 per cent which was achieved.

With global commodity prices remaining benign, the previous year witnessed a continued moderation in general price levels. Headline Inflation based on Consumer Price Index (CPI) dipped to 4.91 percent (5.97 percent in the F. Y. 2014-2015) showing a persistent pressure on oil and commodity prices. Exchange rate movements and Current Account deficits too reflected a stable environment. The movement of exchange rate measured against the US dollar was orderly and the INR depreciated about 6.50 percent during the year under consideration.

The second year of the present government witnessed some policy actions like liberalization of FDI regime, including the much awaited Insurance Bill, crop insurance measures, financial inclusion through Jan Dhan yojana and transferring subsidies through the Direct Benefit Transfer (DBT) platform.

However, stretched corporate balance sheets, asset quality constraints, delays in the passage of GST Bill and non-passage of Land Acquisition Bill negatively affected the mood in equity markets.

### 6. Equity Markets

As at 31<sup>st</sup> March, 2016, the S&P BSE Sensex ended 9.1% lower at 25,341, while the Nifty50 closed 8.8% lower at 7,738 compared to their respective closing figures as on 31<sup>st</sup> March, 2015.

With corporate performance failing markets expectation, the year 2015-16 did not bring much happiness to investors. The momentum started to fade further after the announcement of the budget; actual earnings trajectory turned out to be flat or negative, contrasting the projections by consensus estimates.

The silver lining however was the continued flows received by domestic institutions, particularly mutual funds, from retail participants who saw great opportunity in exploiting the valuation arbitrage created from the earlier run-up in the benchmark indices and large cap stocks.

Among the Emerging Market (EM) peers, India remained in a bright spot amid a slowdown in global economy on the back of multiple rate cuts by the Reserve Bank of India (RBI) and its efforts to keep inflation under check and also due to the capital infusion by the domestic investors. Foreign institutional investors were however net sellers in Indian equities to the tune of Rs 14,172 Cr, in the F. Y. 2015-16.

## 7. Fixed Income Markets

The RBI continued its accommodative stance through the last fiscal year and cut the benchmark repo rate by 75 basis points. In response to the cumulative reduction of around 125 basis points (bps) cut since January 2015, banks have reduced their median deposit rate by 72 bps and median base rates by around 60 bps.

Long term benchmark 10 year Gilt rates however eased marginally by around 30 bps and closed around 7.45 per cent. A part of the reason for the muted fall in long term gilt rates could be on account of uncertainty on US rates, and also partly because of relatively robust incremental credit off take.

## 8. Global events

China's benchmark index, Shanghai Composite, decreased by nearly 24% in this year and hit 2,655, its lowest level for the year. Meanwhile, the Greek crisis had a ripple effect on Indian equities in a reaction to the global risk-off trade. Another major event for the year was the 25 bps hike in interest rates by the US Federal Reserve. The interest rates, which were maintained at zero, were raised for the first time in almost a decade since the Global Financial Crisis of 2008 indicating signs of a pickup in the world's biggest economy.

## 9. Looking Ahead

"It is incontrovertible that India is still oozing potential. The country's long run potential growth rate is still around 8-10 per cent."

The Economic survey had portrayed a latent growth potential. The Indian Meteorological Department (IMD) has predicted a normal monsoon this year. A right mix of reforms, governance and push from the rain Gods may lay the foundation to a stronger economy.

## 10. Overview of the Mutual Fund Industry

During the year under consideration, the mutual fund industry continued to witness robust growth. The total Assets Under Management (AUM) as on 31<sup>st</sup> March, 2016 were INR 12,32,824 crores as compared to INR 10,82,757 crores as on 31<sup>st</sup> March, 2015, thereby witnessing a growth of around 14%.

What was remarkable was the resilience of the equity oriented schemes, which saw net inflows of around INR 93,000 crores (previous year INR 80,855 crores) despite a fall in the benchmark equity indices.

The value of assets held by individual investors in mutual funds also increased to Rs. 6.16 lakh crores, a rise of around 10.11%.

As the nation becomes more financially inclusive and with financial literacy gaining traction, the adoption of technology lowering barriers to the last mile access, with benefits of low cost and transparency, the Indian Mutual Fund industry has the possibility of becoming the primary vehicle of savings in the capital markets.

**(Data Source: Economic Survey 2015-16, AMFI, Bloomberg)**

## 11. Share Capital

During the year under review, the Company has increased its Authorised Share Capital from Rs. 5,00,000 (Rupees Five Lakhs) divided into 50,000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 25,00,000 (Rupees Twenty Five Lakhs) divided into 2,50,000 (Two Lakhs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each at the Extra-ordinary General Meeting held on 21<sup>st</sup> October, 2015.

During the year under review, the Company allotted to existing shareholders on Rights basis 1,00,000 equity shares of Rs. 10 each aggregating to Rs. 10,00,000. Consequent upon the allotment of the Rights shares, the Company's paid-up share capital as on 31<sup>st</sup> March, 2016 stood at Rs. 15,00,000 (as against Rs. 5,00,000 as at 31<sup>st</sup> March, 2015) comprising of 1,50,000 Equity Shares of Rs. 10 each, fully paid-up.

During the year under consideration, the Company has neither issued shares with differential rights as to dividend, voting or otherwise nor has granted any stock options or sweat equity. As on 31<sup>st</sup> March, 2016, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

## 12. Directors

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time and as per SEBI (Mutual Fund) Regulations, 1996, as

amended from time to time. As on 31<sup>st</sup> March, 2016, the Company has four directors. The Shareholders at their Extraordinary General Meeting held on 21<sup>st</sup> September, 2015, have appointed Mr. Gautam Parekh (DIN: 00365417), Mr. Narendra Mairpady (DIN: 00536905) and Mr. Debabrata Bandyopadhyay (DIN: 06972463) as Independent Directors of the Company for a period of five years. These Independent Directors shall hold the office of directorship for a term of five years. None of the Independent Directors are due for re-appointment.

Mr. R. Balaji (DIN: 05197554) was appointed as a Non-Executive and Non-Independent Director of the Company with effect from 8<sup>th</sup> July, 2015.

Mr. Manohar G. Bhide (DIN:00001826) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The Board reviews and approves strategy and oversees the actions and results of the management to ensure that the long term objectives of the enhancing stakeholders' value are met.

None of the Board of Directors holds directorships in more than 10 public companies. None of the directors are related to each other.

Mr. Ravindra K. Kulkarni and Mr. R. Balaji Non-Executive and Non-Independent Directors of the Company, have resigned as Members of the Board of Directors of the Company with effect from 16<sup>th</sup> October, 2015.

### 13. Key Managerial Personnel

Mr. Ravi Dayma, a qualified Company Secretary was appointed as the Company Secretary of the Company with effect from 7<sup>th</sup> April, 2015.

As at the date of this Report, the Key Managerial Personnel of the Company, as envisaged under the provisions of Section 203 of the Companies Act, 2013, is Mr. Ravi Dayma, Company Secretary.

### 14. Board Meetings and Annual General Meeting

The Board met five times in Financial Year viz. 7<sup>th</sup> April, 2015, 8<sup>th</sup> July, 2015, 16<sup>th</sup> October, 2015, 12<sup>th</sup> January, 2016 and 14<sup>th</sup> March, 2016. The Board of Directors have passed a Circular Resolution dated 4<sup>th</sup> September, 2015.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2015-16 and at the last Annual General Meeting of the Company held on 8<sup>th</sup> July, 2015 are as follows:

Names of Director	Category	Attendance at the Board meetings held during the Financial Year 2015-16		Attendance at the last Annual General Meeting held on 8 <sup>th</sup> July, 2015 (Yes/ No/ N.A.)
		Held	Attended	
Mr. M. G. Bhide	Non-Executive, Non-Independent	5	5	Yes
Mr. Ravindra K. Kulkarni	Non-Executive, Non-Independent	3	3#	Yes

Names of Director	Category	Attendance at the Board meetings held during the Financial Year 2015-16		Attendance at the last Annual General Meeting held on 8 <sup>th</sup> July, 2015 (Yes/ No/ N.A.)
		Held	Attended	
Mr. Uday Y. Phadke	Non-Executive, Non-Independent	2	2*	Yes
Mr. Narendra Mairpady	Non-Executive, Independent	3	3 \$	Not Applicable
Mr. Debabrata Bandyopadhyay	Non-Executive, Independent	3	3\$	Not Applicable
Mr. R. Balaji	Non-Executive, Non-Independent	2	1@	Yes
Mr. Gautam Parekh	Non-Executive, Independent	3	3\$	Not Applicable

\* Mr. Uday Y. Phadke retired from the Board w.e.f. 15<sup>th</sup> July, 2015.

# Mr. Ravindra K. Kulkarni resigned from the Board w.e.f. 16<sup>th</sup> October, 2015.

@ Mr. R. Balaji resigned from the Board w.e.f. 16<sup>th</sup> October, 2015.

\$ Mr. Narendra Mairpady, Mr. Gautam Parekh & Mr. Debabrata Bandyopadhyay were appointed on the Board w.e.f. 21<sup>st</sup> September, 2015.

### 15. Declaration by Independent Directors

The Company has received declarations from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013.

### 16. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- In the preparation of the annual accounts for Financial Year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- The Directors 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 at 31<sup>st</sup> March, 2016 and of the loss of the Company for the year ended on that date;
- The Directors have taken proper and sufficient care 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;
- The Directors have prepared the annual accounts for year ended 31<sup>st</sup> March, 2016 on a 'going concern' basis;
- The directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

**17. Extract of Annual Return**

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31<sup>st</sup> March, 2016 forms part of this Report and is appended as **Annexure I**.

**18. Public Deposits**

The Company has not accepted any deposits from the public or its employees during the year under review. No amount on account of principal or interest on deposits from public was outstanding as on the date of balance sheet. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013 during the year under review.

**19. Auditors**

Messrs. B. K. Khare & Co are eligible for re-appointment as Statutory Auditors of the Company and have given their consent for re-appointment. The Shareholders would be required to appoint Auditors from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants, proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the criteria specified in the said sections.

**20. Accounting Standards followed by the Company**

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

**21. Comments on Auditors' Report**

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. B. K. Khare & Co., Statutory Auditors, in their report. The Auditor's Report is enclosed with Financial Statements with this Annual Report.

**22. Reporting of Frauds**

There are no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

**23. Particulars of Loans, Guarantees or Investments under Section 186**

The Company has not advanced any loans, provided any guarantee, or made investment under Section 186 of the Companies Act, 2013 during the period under review.

Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 read with Schedule V, applicable to the parent Company, Mahindra and Mahindra Limited.

**24. Particulars of contracts or arrangements with Related Parties referred to in Section 188(1)**

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Pursuant to Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors have any pecuniary relationships or transactions vis-à-vis the Company.

**25. Material changes and commitments affecting the financial position of the Company**

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

**26. Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in **Annexure II**.

**27. Risk Management Policy**

A Risk Management Policy approved by the Board of Directors for the proposed asset management business, is in place. The Risk Management Committee consisting of representatives of the investment manager i.e. 'Mahindra Asset Management Company Private Limited' will design a well defined risk management framework and ensure its ongoing implementation. During the year under review, the company has not commenced any operations.

**28. Internal Financial Control System**

The Management is responsible for establishing and maintaining internal controls for financial reporting and the Statutory Auditors periodically reviews the effectiveness of the internal control systems of the Company pertaining to financial reporting of the Company to ensure Financial Statements of the Company present a true and fair view of the state of affairs of the Company.

**29. Subsidiaries**

The Company did not have any subsidiary as on 31<sup>st</sup> March, 2016 or during the year ended on that date.

**30. Significant and Material Orders passed by the Regulators or Courts**

There were no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

**31. Particulars of Remuneration**

As the Company has no employees for the year under review, the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable.

**32. Change in the nature of business**

There was no change in nature of business carried on by the Company during the year under review.

**33. The Sexual Harassment of Women at Workplace (Prevention Prohibition and Redressal) Act, 2013**

During the year under review, no complaints were received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

For and on behalf of the Board

sd/-  
**M. G. BHIDE**  
Chairman

Mumbai, 13<sup>th</sup> April, 2016

Registered Office:

“A” Wing, 4<sup>th</sup> Floor,

Mahindra Towers, 570 P B Marg,

P. K. Kurne Chowk, Worli,

Mumbai - 400018.

CIN: U67100MH2013PTC245464

Tel.: 91 22 6652 6000 Fax: 91 22 2498 4170

Email: mfinvestors@mahindra.com

Website: www.mahindramutualfund.com



**ANNEXURE I TO THE DIRECTORS' REPORT**

Form No. MGT-9

**Extract of Annual Return for the period ended on March 31, 2016**  
**[Pursuant to Section 92(3) and Rule 12(1) of the**  
**Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS**

i.	<b>CIN</b>	U67100MH2013PTC245464
ii.	<b>Registration Date</b>	10 <sup>th</sup> July, 2013
iii.	<b>Name of the Company</b>	Mahindra Trustee Company Private Limited
iv.	<b>Category/Sub-Category of the Company</b>	Public Company Limited by Shares
v.	<b>Address of the Registered office and contact details</b>	4 <sup>th</sup> Floor, Mahindra Towers, A Wing, P. B. Marg, Worli, Mumbai - 400018. Tel.: 91 22 6652 3500 Fax: 91 22 2497 2741 Email: mfinvestors@mahindra.com Website: www.mahindramutualfund.com
vi.	<b>Whether listed company Yes/No</b>	No
vii.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Trusteeship	74	0%*

\* The company has not commenced any business activities during the period under review.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	100.00%*	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited	L65921MH1991PLC059642	Holding Company	100.00%	Section 2(46)

\* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	50,000	50,000	100	-	1,50,000	1,50,000	100	50%
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	50,000	50,000	100	-	1,50,000	1,50,000	100	50%
<b>(2) Foreign</b>									
a) NRIs -	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
b) Other -	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	50,000	50,000	100	-	1,50,000	1,50,000	100	50%
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	0	0	0	0	0	0	0	0	0
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>50,000</b>	<b>50,000</b>	<b>100</b>	-	<b>1,50,000</b>	<b>1,50,000</b>	<b>100</b>	<b>50%</b>

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	49,998	100	-	1,49,998	100	-	50%
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. M. G. Bhide	1	-	-	1	-	-	-
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. R. K. Kulkarni	1	-	-	1	-	-	-
	<b>Total</b>	<b>50,000</b>	<b>100</b>	<b>-</b>	<b>1,50,000</b>	<b>100</b>	<b>-</b>	<b>50%</b>

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)				
	Mahindra & Mahindra Financial Services Limited (MMFSL)	49,998	100	49,998	100
	Mahindra & Mahindra Financial Services Limited Jointly with Mr. M. G. Bhide	1	-	1	-
	Mahindra & Mahindra Financial Services Limited Jointly with Mr. R. K. Kulkarni	1	-	1	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)				
	At the end of the year (As on 31 <sup>st</sup> March, 2016)	1,50,000	100	1,50,000	100

On 23<sup>rd</sup> December, 2015, 1,00,000 Equity Shares of Rs. 10/- each at par, were allotted on a Rights Basis to Mahindra & Mahindra Financial Services Limited.  
Increase in Shareholding of promoters is on account of allotment of equity shares on a Rights Basis, as mentioned above.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Not Applicable			
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Not Applicable			
	At the End of the year (or on the date of separation, if separated during the year)	Not Applicable			

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. M.G. Bhide (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	1	0.00	1	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	No Change			
	At the End of the year (As on 31 <sup>st</sup> March, 2016)	1	0.00	1	0.00
2.	Mr. Gautam Parekh				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year (As on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
3.	Mr. Narendra Mairpady				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year (As on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
4.	Mr. Debabrata Bandyopadhyay				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year (As on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
5.	Mr. Ravi Dayma (appointed as Company Secretary with effect from 7 <sup>th</sup> April, 2015)				
	At the beginning of the year (As on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year (As on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director	Whole time Director	Manager	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5.	Others	-	-	-	-
	Total (A)	-	-	-	-
	Ceiling as per the Act	-	-	-	-

**B. Remuneration to other directors:**

Particulars of Remuneration	Names of Directors			Total Amount
	Mr. Gautam Parekh	Mr. Narendra Mairpady	Mr. Debabrata Bandyopadhyay	
<b>1. Independent Directors</b>				
• Fee for attending board/committee meetings	60,000	60,000	60,000	1,80,000
• Commission	NIL	NIL	NIL	NIL
• Others	NIL	NIL	NIL	NIL
<b>Total (1)</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>1,80,000</b>

2. Other Non-Executive Directors	Mr. M.G. Bhide	Mr. Ravindra Kulkarni	Mr. Uday Phadke	Mr. R. Balaji	Total Amount
	• Fee for attending board/committee meetings	1,00,000	60,000	NIL	
• Commission	NIL	NIL	NIL	NIL	NIL
• Others	NIL	NIL	NIL	NIL	NIL
<b>Total (2)</b>	<b>1,00,000</b>	<b>60,000</b>	<b>NIL</b>	<b>NIL</b>	<b>1,60,000</b>
<b>Total (B)=(1+2)</b>	<b>3,40,000</b>				
<b>Total Managerial Remuneration (A+B)</b>					<b>3,40,000</b>
<b>Overall Ceiling as per the Act</b>					The Company has incurred losses and has not yet commenced business during the period under review.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	(Mr. Ravi Dayma) <sup>@</sup> Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of profit	–	–	–	–
	– others	–	–	–	–
5.	Others	–	–	–	–
	<b>Total</b>	–	–	–	–

<sup>@</sup> Mr. Ravi Dayma was appointed as the Company Secretary with effect from 7<sup>th</sup> April, 2015 and his entire remuneration is borne by Mahindra Asset Management Company Private Limited.

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>	Penalty			NONE		
	Punishment					
	Compounding					
<b>B. DIRECTORS</b>	Penalty			NONE		
	Punishment					
	Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>	Penalty			NONE		
	Punishment					
	Compounding					

For and on behalf of the Board

**M. G. Bhide**  
Chairman

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT

Information pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo.

### (A) Conservation of energy-

- i. the steps taken or impact on conservation of energy;

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

- ii. the steps taken by the company for utilising alternate sources of energy – The operations of your company are not energy intensive.
- iii. the capital investment on energy conservation equipments – Nil

### (B) Technology absorption-

- i. the efforts made towards technology absorption – *None*.
- ii. the benefits derived like product improvement, cost reduction, product development or import substitution – *Not applicable*.
- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year
- a) the details of technology imported : *None*
- b) the year of import; : *Not applicable*
- c) whether the technology been fully absorbed; : *Not applicable*
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : *Not applicable*
- iv. the expenditure incurred on Research and Development – *Nil*.

### (C) Foreign exchange earnings and Outgo

There were no foreign exchange earnings or outgo during the year.

For and on behalf of the Board

sd/-  
**M. G. Bhide**  
Chairman

Mumbai, 13<sup>th</sup> April, 2016



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA TRUSTEE COMPANY PRIVATE LIMITED

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Mahindra Trustee Company Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2016, and the statements of profit and loss and cash flow for the period from April 1, 2015 to March 31, 2016, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the period from April 1, 2015 to March 31, 2016.

#### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of written representations received from the directors as on March 31, 2015 taken on record

by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has no pending litigation.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. The Company did not have any derivative contracts.

- iii. The Company has been in existence for a period less than seven years and hence there is no requirement to transfer any amounts to the Investor Education and Protection Fund.

**FOR B. K. KHARE & CO.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No. 044784

Place: Mumbai  
Date: April 13, 2016

**ANNEXURE I TO THE AUDITOR'S REPORT**

Referred to in paragraph 9 of our report of even date on the standalone financial statements of **Mahindra Trustee Company Private Limited** for the year ended March 31, 2016.

**Annexure to the Auditor's Report referred to in our report of even date:**

- I. (a) and (b) The Company does not have any fixed assets of its own and hence para 3(l)(a) and 3(l)(b) are not applicable to the Company.
  - (c) The Company has no immovable properties and hence para 3(i)(c) is not applicable to the company.
- II. On facts, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- III. No parties are covered in the register maintained under Section 189 of Companies Act, 2013 by the Company. Therefore, clause 3(iii)(a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us the provisions of Section 186 of the Companies Act, 2013 have been complied with. During the year, the Company has not provided loan to any of its directors', therefore, provisions of Section 185 were not applicable during the year.
- V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.
- VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the company.
- VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
  - (b) According to the records of the company and information and explanations given to us there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the relevant authority.
- VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or bank or debenture holders as at the Balance Sheet date.
- IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.
- X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- XII. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.
- XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**FOR B. K. KHARE & Co.**

Chartered Accountants

Firm's Registration Number 105102W

**Padmini Khare Kaicker**

Partner

Membership No. 044784

Place: Mumbai

Date: April 13, 2016

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA TRUSTEE COMPANY PRIVATE LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Mahindra Trustee Company Private Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2015 to March 31, 2016.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that :

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**FOR B. K. KHARE & Co.**

Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**

Partner  
Membership No. 044784

Place: Mumbai  
Date: April 13, 2016

**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	As at	
		March 2016	March 2015
(In ₹)			
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
a) Share Capital.....	1	1,500,000	500,000
b) Reserves and Surplus .....	2	(745,222)	(253,342)
		<b>754,778</b>	<b>246,658</b>
<b>2) Non-current liabilities</b>			
a) Other Long-term liabilities	3	100,000	–
		100,000	–
<b>3) Current liabilities</b>			
a) Trade payables.....	4	39,192	21,754
b) Other current liabilities.....	5	10,168	3,000
		49,360	24,754
<b>Total</b>		<b>904,138</b>	<b>271,412</b>
<b>II. ASSETS</b>			
<b>1) Current assets</b>			
a) Cash and bank balance .....	6	842,217	249,022
b) Other current assets .....	7	61,921	22,390
		904,138	271,412
<b>Total</b>		<b>904,138</b>	<b>271,412</b>

Summary of significant accounting policies and notes to the financial statements I & II

The notes referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred in our report of even date

**For B. K. KHARE & CO.**

Chartered Accountants

Firm Regn No. 105102W

**Padmini Khare Kaicker**

Partner

Membership No. 44784

Place : Mumbai

Date : 13<sup>th</sup> April, 2016

**Narendra Mairpady**

Director

For and on behalf of the Board

**M. G. Bhide**

Chairman

**Gautam Parekh**

Director

**Ravi Dayma**

Company Secretary

**Debabrata Bandyopadhyay**

Director

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Note No.	(In ₹)	
		For the Period Ended	
		March 2016	March 2015 (Nine Months)
I. Revenue from operations.....		-	-
II. Other income.....		-	-
III. <b>Total Revenue (I + II)</b> .....		<u>-</u>	<u>-</u>
<b>IV. Expenses:</b>			
Other expenses .....	8	491,880	117,944
<b>Total expenses</b> .....		<u>491,880</u>	<u>117,944</u>
V. <b>Profit before tax (III - IV)</b> .....		<b>(491,880)</b>	<b>(117,944)</b>
<b>VI. Tax expense:</b>			
(1) Current tax .....		-	-
(2) Deferred tax .....		-	-
VII. <b>Profit/(Loss) for the period (V - VI)</b> .....		<u><b>(491,880)</b></u>	<u><b>(117,944)</b></u>
<b>VIII. Earnings per equity share (Rupees):</b> .....	9		
(1) Basic.....		(6.14)	(0.12)
(2) Diluted .....		(6.14)	(0.12)
<b>Summary of significant accounting polices and notes to the financial statements</b>	I & II		

The notes referred to above form an integral part of the Statement of Profit & Loss

This is the Statement of Profit & Loss referred in our report of even date

**For B. K. KHARE & CO.**  
Chartered Accountants  
Firm Regn No. 105102W

For and on behalf of the Board  
**M. G. Bhide**  
Chairman

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784  
Place : Mumbai  
Date : 13<sup>th</sup> April, 2016

**Narendra Mairpady**  
Director

**Gautam Parekh**  
Director

**Debabrata Bandyopadhyay**  
Director

**Ravi Dayma**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	(In ₹)	
	For the Period Ended	
	March 2016	Mar 2015 (Nine Months)
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxes and contingencies.....	(491,880)	(117,944)
Add/Less:		
Operating profit before working capital changes .....	(I) (491,880)	(117,944)
Add/Less:		
(Increase)/Decrease in Other Current Assets .....	(39,531)	-
(Increase)/Decrease in Loans & Advances.....	-	(20,536)
	(39,531)	(20,536)
Add: Increase in Current Liabilities & Provisions.....	24,606	(111,988)
	(II) (14,925)	(132,524)
Cash generated from operations.....	(I+II) (506,805)	(250,468)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b> .....	(506,805)	(250,468)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b> .....	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Equity Shares.....	1,000,000.00	-
<b>Increase/(Decrease) in Other Long Term Liabilities (net)</b>	100,000	-
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b> .....	1,100,000	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b> .....	593,195	(250,468)
<b>CASH AND CASH EQUIVALENTS AS AT:</b>		
Beginning of the period .....	249,022	499,490
End of the period .....	842,217	249,022

Examined and found correct.

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements".

**For B. K. KHARE & CO.**  
Chartered Accountants  
Firm Regn No. 105102W

For and on behalf of the Board  
**M. G. Bhide**  
Chairman

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

**Narendra Mairpady**  
Director

**Gautam Parekh**  
Director

**Debabrata Bandyopadhyay**  
Director

Place : Mumbai  
Date : 13<sup>th</sup> April, 2016

**Ravi Dayma**  
Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### 1) BASIS OF PREPARATION OF ACCOUNTS

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under Section 133 of the Companies Act 2013.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets & liabilities.

#### 2) USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including Contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

#### 3) INVESTMENTS

Investments held as Long –Term Investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than Long Term investments are classified as current Investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments in accordance with the Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

#### 4) SHARE ISSUE EXPENSES

Expenses incurred in connection with fresh issue of share capital is charged to Profit and Loss account in the year in which they are incurred.

#### 5) PROVISIONS AND CONTINGENT LIABILITIES

a) Provision for doubtful debts is made on the basis of standard norms and also, where required, on actual evaluation.

b) Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

#### 6) EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### I) GENERAL INFORMATION:

The Company Mahindra Trustee Company Private Limited ('the Company') was incorporated under the Companies Act, 1956 on July 10, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as a Trustee to the proposed "Mahindra Mutual Fund". The company has been granted a license from SEBI. Consequently, during the period under audit the company has not started its operations.

### II. NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2016

#### 1) Share Capital:

Particulars	In ₹	
	March 2016	March 2015
<b>Authorised Capital:</b>		
2,50,000 Equity shares of Rs. 10/- each	25,00,000	5,00,000
(March 2015: 50,000 shares)		
<b>Issued Capital:</b>		
1,50,000 Equity shares of Rs. 10/- each	15,00,000	5,00,000
(March 2015: 50,000 shares)		
<b>Subscribed and Paid-up Capital:</b>		
1,50,000 Equity shares of Rs. 10/- each	15,00,000	5,00,000
(March 2015: 50,000 shares)		
<b>Total</b>	<b>15,00,000</b>	<b>5,00,000</b>

Particulars	March 2016		March 2015	
	Number of Shares	₹	Number of Shares	₹
<b>a) Reconciliation of the number of shares –</b>				
Number of equity shares outstanding at the beginning of the period	50,000	5,00,000	50,000	5,00,000
Add: Fresh allotment of shares during the period:	100,000	10,00,000	0	0
Less: Shares bought back during the period	–	–	–	–
Number of equity shares outstanding at the end of the period	<b>1,50,000</b>	<b>15,00,000</b>	<b>50,000</b>	<b>5,00,000</b>
<b>b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates –</b>				
Holding company: Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	1,50,000	15,00,000	50,000	5,00,000
Percentage of holding (%)	100	100	100	100
<b>c) Shareholders holding more than 5 percent shares:</b>				
Mahindra & Mahindra Financial Services Limited	1,50,000	15,00,000	50,000	5,00,000



2) Reserves & Surplus:

Particulars	In ₹	
	March 2016	March 2015
<b>Surplus:</b>		
Balance Profit as per last Balance Sheet	(2,53,342)	(1,35,398)
Add: Loss for the current period transferred from Statement of Profit & Loss	(4,91,880)	(1,17,944)
Balance Loss carried to Balance Sheet	(7,45,222)	(2,53,342)
<b>Less: Allocations &amp; Appropriations:</b>		
<b>Balance as at the end of the period</b>	<b>(7,45,222)</b>	<b>(2,53,342)</b>
<b>Total</b>	<b>(7,45,222)</b>	<b>(2,53,342)</b>

3) Other Long Term Liabilities:

Particulars	In ₹	
	March 2016	March 2015
Initial Corpus of Mahindra Mutual Fund (*)	1,00,000	-
<b>Total</b>	<b>1,00,000</b>	<b>-</b>

(\*) The initial Corpus is contributed by Mahindra & Mahindra Financial Services Ltd to Mahindra Trustee Co Pvt Ltd towards corpus of Mahindra Mutual Fund.

4) Trade Payables:

Particulars	In ₹	
	March 2016	March 2015
Trade payables for expenses	39,192	21,754
<b>Total</b>	<b>39,192</b>	<b>21,754</b>

5) Other Current Liabilities:

Particulars	In ₹	
	March 2016	March 2015
TDS payable	10,168	3,000
<b>Total</b>	<b>10,168</b>	<b>3,000</b>

6) Cash and bank balance:

Particulars	In ₹	
	March 2016	March 2015
Balance with Scheduled Banks in Current Accounts	8,42,217	2,49,022
<b>Total</b>	<b>8,42,217</b>	<b>2,49,022</b>

7) Other Current Assets:

Particulars	In ₹	
	March 2016	March 2015
Service tax credit available	61,921	22,390
<b>Total</b>	<b>61,921</b>	<b>22,390</b>

8) Other Expenses:

Particulars	In ₹	
	March 2016	March 2015
Rates and Taxes	12,000	(9,888)
Directors sitting fees	3,40,000	60,000
Bank Charges	81	142
Legal & Professional Fees	48,588	29,250

Particulars	In ₹	
	March 2016	March 2015
Filing fees	6,100	21,500
Audit Fees	20,101	15,000
Share Issue Expenses	65,010	-
Other Administrative expenses	-	1,940
<b>Total</b>	<b>4,91,880</b>	<b>117,944</b>

9) In Accordance with the Accounting Standard on "Earning Per Share "(AS 20) Issued by the Institute of Chartered Accountants of India, the EPS are as follows:

Particulars	In ₹	
	FY 2015-16	FY 2014-15
Net Profit/(Loss) attributable to Equity Share Holders	(4,91,880)	(117,944)
Weighted Average Numbers of Shares (*)	80,055	9,82,870
EPS - ( Basic)	(6.14)	(0.12)
EPS - (Diluted)	(6.14)	(0.12)

(\*) The No of shares outstanding for previous period has been adjusted on account of issue of rights shares during the current period as per guidelines of AS-20

10) Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties which have transactions with our Company during the year:

Holding Company: Mahindra & Mahindra Financial Services Limited

B) Related party transactions are as under:

Sr No.	Nature of transactions	Holding Companies	Fellow Subsidiary Companies	Key Management Personnel	₹ in Lacs
1	Issue of Equity Shares	Mahindra and Mahindra Financial Services Ltd			10 (5)

Notes:

i. Figures in bracket represent corresponding figure of previous year.

Signatures to Significant accounting policies and Notes to the financial statements - I and II

For B. K. KHARE & CO.  
Chartered Accountants  
(FRN:105102W)

M. G. Bhide  
Chairman

Padmini Khare Kaicker  
Partner  
Membership No. 44784

Narendra  
Mairpady  
Director

Debabrata  
Bandyopadhyay  
Director

Ravi Dayma  
Company Secretary

Gautam Parekh  
Director

Mumbai, 13<sup>th</sup> April, 2016

**DIRECTORS' REPORT****Directors' Report to the Members**

Your Directors present their seventeenth report together with the audited financial statement of your Company for the year ended on 31<sup>st</sup> March, 2016.

**FINANCIAL HIGHLIGHTS (STAND-ALONE)**

	(₹ in lakh)	
	2016	2015
Income from Operations	50,297	62,401
Other Income	9,718	13,602
Total Income	60,015	76,003
Profit Before Depreciation, Finance cost and Taxation	16,847	36,227
Less : Depreciation	414	274
Profit Before Finance cost and Taxation	16,433	35,953
Less : Finance Cost	2,259	2,182
Profit Before Taxation	14,174	33,771
Less : Provision for Taxation		
Current Tax	3,674	10,134
Deferred Tax (including MAT Credit)	51	307
Profit After Tax	10,449	23,330
Add : Balance of Profit for earlier years	48,900	36,519
Amount available for appropriation	59,349	59,849
Proposed Dividend on Equity Shares (including tax on distributed profits)	2,799	2,972
Interim Dividend on Equity Shares (including tax on distributed profits)	-	2,503
Depreciation adjustment (Net of Deferred Tax Adj.)	-	6
Less : Transfer to General Reserve	-	2,333
Less: Transfer to Debenture Redemption Reserve	3,135	3,135
Balance carried forward	53,415	48,900

**DIVIDEND**

For the Financial Year 2015-16, your Directors have recommended a Dividend of ₹ 6 per equity share of the face value of ₹ 10 each of the Company, i.e. 60 per cent.

The equity dividend (including tax on distributed profits) aggregates ₹ 2,799 lakh (previous year ₹ 5,475 lakh, aggregate of Special Dividend by way of an Interim Dividend and Final Dividend). The Dividend shall be paid out of the profits of the current year.

**RESERVES**

Out of the profits available for appropriation, an amount of ₹ 3,135 lakh has been transferred to the Debenture Redemption Reserve and the balance has been carried forward to the Profit & Loss Account.

**OPERATIONS/STATE OF THE COMPANY'S AFFAIRS**

In a subdued global economic environment, and the ongoing slowdown in China, India's macroeconomic performance remained stable during financial year 2015-16. According

to the advance estimates released by the Central Statistical Organisation (CSO), India's GDP growth is expected to be 7.6 per cent in financial year 2015-16, marginally higher than 7.2 per cent recorded in the previous year.

An equally important aspect was the stability in retail inflation around 5 per cent mark, which allowed the RBI to continue with its accommodative policy stance. However, the rate cuts to the tune of 100 basis points during the year did not translate into desired reduction in lending rates. Consequently, the improvements in business and consumer confidence during the year were weak. As far as the real estate industry is concerned, the overall performance continued to be subdued – housing prices, rents and offtake of housing loans continued to be sluggish during the year.

The Company's performance needs to be evaluated in the context of this Industry Environment.

In the residential segment, the Company sold over 1,000 residential units aggregating to 1.16 million square feet of saleable area in 2015-16 across its ongoing and newly

launched projects, including projects of its subsidiary companies. The Company launched two new projects – ‘Vivante’ and ‘Windchimes’, marking its entry in the Bangalore market with the latter. In addition, fresh inventory in four of its existing projects was also launched during the year.

In the large format developments, the Company’s subsidiary Mahindra World City Developers Limited (MWCDL) signed a JV Agreement with Sumitomo Corporation, Japan to develop an industrial park in North Chennai on the NH-5 (Chennai – Kolkata highway). The first phase of the project of approximately 300 acres will be implemented by Mahindra Industrial Park Chennai Limited (MIPCL), a 60:40 JV between MWCDL and Sumitomo Corporation, respectively.

The consolidated total income of your Company decreased from ₹ 114,757 lakh in 2014-15 to ₹ 87,743 in 2015-16. The consolidated Profit before tax (PBT) stood at ₹ 14,745 lakh in 2015-16 as compared to ₹ 42,102 lakh in 2014-15, whereas the consolidated profit after tax and minority interest (PAT) was ₹ 9,309 lakh in 2015-16 as compared to ₹ 26,620 lakh during 2014-15. This Performance of the Company over the previous year needs to be looked in the context of the land sale transaction in respect of a delayed project in Mumbai, which contributed ₹ 268 crore to the total income and ₹ 245 crore to the profit before tax (PBT) during 2014-15.

Total income of your Company as a standalone entity was ₹ 60,015 lakh as compared to ₹ 76,003 lakh in 2014-15. PBT was ₹ 14,174 lakh as compared to ₹ 33,771 lakh in 2014-15, whereas PAT was ₹ 10,449 as compared to ₹ 23,330 lakh in 2014-15. Total income includes dividend income of ₹ 629 lakh and ₹ 178 lakh received from its subsidiaries Mahindra World City (Jaipur) Limited and Mahindra World City Developers Limited, respectively, as compared to ₹ 727 lakh received from its subsidiary Mahindra World City Developers Limited, ₹ 740 lakh received from its subsidiary Mahindra World City (Jaipur) Limited and ₹ 740 lakh received from its subsidiary Mahindra Integrated Township Limited in 2014-15.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

## AWARDS AND RECOGNITION

The Company and its subsidiaries received several awards and recognitions during 2015-16. Some of the prestigious awards are:

- Mahindra Lifespaces rated as one of the Top 5 Great Places to Work in the real estate industry by the Great Places to Work Institute;
- Mahindra Lifespaces won the Mint–Institute for Competitiveness–‘Strategy Award’ in the Construction, Real Estate and Steel Segment;
- Mahindra Lifespaces has been ranked Regional Sector Leader for Listed–Asia–Industrial category by Global Real Estate Sustainability Benchmark (GRESB) Survey, 2015 for second year in a row;

- Mahindra Lifespaces won the “Investor Relations Society Awards 2015” for Best Environment, Social & Governance (ESG) Disclosures in Small Cap category;
- Mahindra Lifespaces bagged the runner up trophy for Best Safety Practices Competition 2015 in the Construction Category which was jointly organized by National Safety Council–Maharashtra Chapter & Directorate of Industrial Safety and Health, Government of Maharashtra;
- Splendour by Mahindra Lifespaces rated “Platinum” on completion by the Indian Green Building Council (IGBC);
- Mahindra Lifespaces won the “Best Developer–Residential Project” award for Splendour at the ACETECH Alpha Awards 2015;
- Luminare by Mahindra Lifespaces was conferred with the “CIDC Vishwakarma Award” for Construction, Health, Safety and Environment;
- Iris Court by Mahindra Lifespaces received the award for the ‘Best Residential Project’ in Chennai under the Affordable Housing Segment at the 10<sup>th</sup> CNBC AWAAZ Real Estate Awards 2015-16;
- Mahindra World City Jaipur became the first project in Asia to receive Stage 2 Climate Positive Development certification from C40 Cities Climate Leadership Group;
- Mahindra World City Chennai declared “Best Township” (more than 200 acres in size) at NDTV Parryware Property Awards 2015-16.

## SHARE CAPITAL

During the year, the Company allotted 2,500 equity shares of ₹ 10 each at an exercise price of ₹ 428 per share to the eligible grantees pursuant to exercise of stock options granted under Employee Stock Option Scheme-2006 (ESOS-2006).

The Company has also allotted 18,450 equity shares of ₹ 10 each at an exercise price of ₹ 10 per share to the eligible grantees pursuant to exercise of stock options granted under Employee Stock Option Scheme-2012 (ESOS-2012).

Consequently, issued equity share capital has increased from ₹ 41,05,30,510 to ₹ 41,07,40,010 and the subscribed and paid up equity share capital of the Company has increased from ₹ 41,01,22,000 to ₹ 41,03,31,500.

The allotment of 40,851 equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of offenses relating to transactions in Securities).

During the year, Company has not issued any equity shares with differential rights or any sweat equity shares.

## ISSUE & ALLOTMENT OF NON-CONVERTIBLE DEBENTURES

On 4<sup>th</sup> April, 2013, the Company had issued and allotted 5,000–Secured Listed Rated Redeemable 10.78 per cent YTM, NonConvertible Debentures (NCDs) with a face value of ₹ 10,00,000 (Rupees Ten lakh Only) each for cash at par,

aggregating ₹ 500 crore (Rupees Five Hundred crore Only) vide Series I, Series II, and Series III on Private Placement basis. The proceeds of the NCDs issue have been fully utilised for the purposes of the issue.

Series I of Secured Listed Rated Redeemable 10.78 per cent YTM, 1,250 Non-Convertible Debentures (NCDs) with a face value of ₹ 10,00,000 (Rupees Ten lakh only) each aggregating ₹ 125 crore (Rupees One Hundred Twenty-Five crore Only) were redeemed on 4<sup>th</sup> April, 2016 along with redemption premium.

#### **EMPLOYEE STOCK OPTIONS SCHEME**

As of 31<sup>st</sup> March, 2016, 2,500 Stock Options were exercised under Employee Stock Option Scheme – 2006 (ESOS – 2006) and 18,450 Stock Options were exercised under Employee Stock Option Scheme – 2012 (ESOS – 2012).

In accordance with the Employee Stock Option Scheme (ESOS– 2012), the Nomination and Remuneration Committee had on 30<sup>th</sup> April, 2015 and 28<sup>th</sup> January, 2016, approved grant of total 34,000 Stock Options to the eligible employees, at an exercise price of ₹ 10 each which is equal to the face value of the equity share of the Company.

The Information that the Company is required to disclose in relation to ESOS-2006 and ESOS-2012 under the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, is uploaded on the website of the Company at <http://www.mahindralifespaces.com/investors/disclosures-sebi>.

The Shares arising out of exercise of Employee Stock Options are directly allotted to the eligible employees and therefore, the requirement of disclosure in respect of voting rights not exercised directly by the employees does not apply to the Company.

The Existing Schemes, Employee Stock Option Scheme-2006 (ESOS – 2006) and Employee Stock Option Scheme-2012 (ESOS – 2012) are implemented in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the “Regulations”) and other applicable Regulations and Circulars in force from time to time.

#### **HOLDING COMPANY**

The promoters of the Company i.e. Mahindra & Mahindra Limited (M&M) hold 20,846,126 equity shares which represents 50.80 per cent of the paid-up equity share capital of the Company. The Company continues to be a Subsidiary Company of M&M. All subsidiary companies of the Company are consequently subsidiary companies of M&M.

#### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013 is provided in Annexure A to the Consolidated Financial Statement and hence not repeated here for sake of brevity. The policy, as modified on 28<sup>th</sup> January, 2016, for determining material subsidiaries is available on the Company’s website at the link: [http://www.mahindralifespaces.com/media/newsevents\\_file/policyford-4d82fc3b9f7733c.pdf](http://www.mahindralifespaces.com/media/newsevents_file/policyford-4d82fc3b9f7733c.pdf)

#### **SUBSIDIARY COMPANIES**

Mahindra World City (MWC), Chennai, is implemented by Mahindra World City Developers Limited (MWCDL), currently an 89:11 joint venture between the Company and the Tamil Nadu Industrial Development Corporation Limited (TIDCO), respectively. It is the first township in India to receive Green Township Certification (Stage I Gold certification) from IGBC. Mahindra World City, Chennai, was launched in September 2002, and currently has three sector specific Special Economic Zones (SEZs) – IT (services and manufacturing), Apparel and Fashion Accessories, and Auto Ancillaries, and a Domestic Tariff Area (DTA) for businesses catering to the Indian market. Integrated to the business zone is a Residential and Social Infrastructure zone. At the end of 2015-16, the project had a total area of 1,524 acres. With greater stabilisation in the business zone, the focus is now on developing the residential and social infrastructure. Mahindra World City, Chennai, has allocated 289 acres for the development of residential and social infrastructure.

Mahindra World City, Jaipur, is being implemented by Mahindra World City (Jaipur) Limited (MWCJL), a 74:26 joint venture between the Company and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), a Government of Rajasthan enterprise, respectively. Mahindra World City, Jaipur is being developed as a Multi-Product Special Economic Zone and a Domestic Tariff Area across 3,000 acres, of which 2,949 acres have already been acquired. Currently, the project has five zones, IT/ITES SEZ, Handicrafts SEZ, Engineering & Related Industries SEZ, Gems & Jewellery SEZ and a Domestic Tariff Area. Going forward, the near term focus will continue to be on sale of industrial land in the project.

Mahindra Integrated Township Limited (“MITL”) is engaged as a co-developer in developing residential township area at Mahindra World City, New Chennai. Its current developments include ‘Iris Court’ and ‘Nova’. MITL has a balance of approximately 140 acres to be developed in phases for offering products in different formats and segments. MITL is 96.30 per cent owned by the Company.

Mahindra Residential Developers Limited (MRDL), which is a wholly owned subsidiary of Mahindra Integrated Township Limited (MITL), and a co-developer in developing residential township area in MWC is developing a gated residential community in approximately 55 acres within Mahindra World City, New Chennai, under the name ‘Aquality’.

Mahindra Bebanco Developers Limited (MBDL) is a 70:30 joint venture between the Company and B.E. Billimoria & Co. Limited, one of the leading construction companies in India, respectively. This company is developing a residential complex across approximately 25 acres at Multi-modal International Hub Airport at Nagpur (MIHAN).

The details of the current developments in each of these companies are given in the Management Discussion and Analysis Report.

Mahindra Infrastructure Developers Limited (“MIDL”), a wholly owned subsidiary of the Company, is an equity participant in the project company namely, New Tirupur Area Development

Corporation Limited (NTADCL) implementing the Tirupur Water Supply and Sewerage project. During the period 2003 to 2009, the company was engaged in operating a solid waste treatment plant at Tirupati. For more details about the investment of the Company into MIDL, please refer Note no. 12(a) to the standalone financial statement.

Mahindra World City (Maharashtra) Limited ("MWCML"), is a wholly owned subsidiary of the Company, which was set up to undertake large format development. The Company is looking out for an appropriate business opportunity to take up projects in real estate development.

Knowledge Township Limited ("KTL"), a wholly owned subsidiary of the Company will be developing an industrial park in Maharashtra. The company is in the process of procuring the targeted land area.

Industrial Township (Maharashtra) Limited ("ITML"), a wholly owned subsidiary of the Company is exploring the possibility of taking up real estate development.

Raigad Industrial & Business Park Limited ("RIBPL"), a wholly owned subsidiary of the Company is exploring the possibility of taking up real estate development.

Anthurium Developers Limited ("ADL") a wholly owned subsidiary of the Company is exploring the possibility of taking up real estate development projects.

Industrial Cluster Private Limited ("ICPL") (formerly known as Mahindra Housing Private Limited) a wholly owned subsidiary of the Company is exploring the possibility of taking up the development of an industrial park in Gujarat.

Mahindra Industrial Park Chennai Limited was a wholly owned subsidiary of Mahindra World City Developers Limited. During the financial year 2015-16, Mahindra World City Developers Limited entered into a Joint Venture Agreement with Sumitomo Corporation, Japan to set up an Industrial Park in North Chennai (the NH-5 corridor) on approximately 300 acres. In terms of the Joint Venture Agreement, Mahindra Industrial Park Chennai Limited which was a wholly owned subsidiary of Mahindra World City Developers Limited is now a joint venture between Mahindra World City Developers Limited and Sumitomo Corporation in the ratio of 60:40 respectively. Accordingly, Mahindra Industrial Park Chennai Limited is a subsidiary of Mahindra World City Developers Limited and consequently, a subsidiary of the Company.

Mahindra Water Utilities Limited (MWUL) is engaged in the business of operation and maintenance service for water and sewerage facilities at Tirupur, India. During the year under review, Mahindra Infrastructure Developers Limited, a wholly owned subsidiary of the Company acquired additional 48,999 equity shares in MWUL, as a result MWUL has become a 98.99% subsidiary of Mahindra Infrastructure Developers Limited and consequently a subsidiary of the Company. Total consideration paid for 48,999 equity shares was Rs 48,999. The difference between proportionate Net asset of MWUL as on the date of acquisition (27<sup>th</sup> July, 2015) and purchase consideration so paid, of ₹ 2,364.10 lakh, has been transferred to Capital Reserve in consolidated financial statement.

## JOINT VENTURE COMPANIES

Mahindra Homes Private Limited (MHPL) (earlier known as Watsonia Developers Private Limited and prior to that Watsonia Developers Limited), a 50:50 joint venture between the Company and SCM Real Estate (Singapore) Private Limited, is developing in collaboration with a developer, and land owning companies, a group housing project "Luminare" at NCR on approximately 6.79 acres and a residential project "Windchimes" at Bangalore on approximately 5.85 acres. The company is exploring the possibility of undertaking additional projects in residential development segment in India.

Mahindra Inframan Water Utilities Private Limited (MIWUPL) is a 50 percent joint venture company and is exploring the possibility of undertaking suitable business propositions.

## ASSOCIATE COMPANIES

Topical Developers Private Limited and Kismat Developers Private Limited, the associate companies of the Company are looking out for appropriate business opportunities in the space of real estate development.

During the year, Mahindra Water Utilities Limited, which was a Joint Venture company, became a subsidiary of the Company. No other company has become or ceased to be a Subsidiary/ Associate/Joint Venture company of the Company.

## CONSOLIDATED FINANCIAL STATEMENT

The audited consolidated financial statement of the Company prepared in accordance with relevant Accounting Standards (AS) viz. AS 21 on consolidated financial statement read with AS 23 on accounting for investments in Associates and AS 27 on financial reporting of interest in joint ventures issued by the Institute of Chartered Accountants of India form part of this Annual Report.

The financial statements of Subsidiaries, Associates and Joint Venture companies are not attached along with the financial statements of the Company. Separate audited financial statement of each of the subsidiaries is placed on the website of the Company at weblink: <http://www.mahindralifespaces.com/investors/financial-information>. The Company Secretary will make these documents available upon receipt of a request from any member of the Company interested in obtaining the same. These documents will also be available for inspection at the Registered Office of your Company during working hours up to the date of the Annual General Meeting.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, which gives a detailed account of state of affairs of the Company's operations forms a part of this Annual Report.

## CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Para E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") forms a part of this Annual Report.

## SUSTAINABLE DEVELOPMENT

Your Company has been at the forefront of the real estate industry in India to achieve the mission of 'Transforming urban landscapes by creating sustainable communities'. The Company has done this by putting sustainability as a core agenda for the Company. The details of Company's approach to sustainability are covered in the Sustainability Report at pages herein of this Report.

The Business Responsibility Reporting (BRR) as part of the Annual Report as required by Regulation 34(2)(f) of SEBI LODR is not applicable to your Company for the financial year ended on 31<sup>st</sup> March, 2016.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare. The Company, in every financial year, in line with the new Companies Act, 2013, pledges to spend, two per cent of the average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

The Company has constituted Corporate Social Responsibility Committee comprising Mr. Arun Nanda – Non Executive Non-Independent Director, Mr. Shailesh Haribhakti – Non Executive Independent Director and Ms. Anita Arjundas – Managing Director & CEO. The Role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

The Company's CSR Policy lays out the vision, objectives and implementation mechanisms. The Company's CSR policy is available on the Company's web link at <http://www.mahindralifespaces.com/pdf/mlDI%20csr%20policy-final-cln.pdf>. The Company's CSR activities have traditionally focussed on education, skill development, health, environment and promoting sustainable practices.

The objective of the CSR policy is to:

- Promote a unified approach to CSR to incorporate under one umbrella the diverse range of the Company's philanthropic activities, thus enabling maximum impact of the CSR initiatives;
- Ensure an increased commitment at all levels in the organisation, to operate in an economically, socially and environmentally responsible manner while recognising the interests of all its stakeholders;
- Encourage employees to participate actively in the Company's CSR and give back to the society in an organised manner through the employee volunteering programme called Esops.

The Company's commitment to CSR will be manifested by investing resources in any of the areas stipulated in Schedule VII to the Companies Act, 2013. The Company gives preference

to the local area and area around it where it operates for spending the amounts earmarked for CSR activities.

Of the total budget of ₹ 377.26 lakh for FY 2015-16, the Company had earmarked an amount of ₹ 132.73 lakh towards contribution as corpus by the Company to support the establishment of a Centre of Excellence (CoE) for Sustainable Habitats by TERI with the objective of improving energy efficiency in India's residential buildings sector. The discussion and requisite documentation with TERI, although was at an advanced stage, could not be completed by 31<sup>st</sup> March, 2016. As a result, the amount of ₹ 132.73 lakh which was earmarked for aforesaid contribution remained unspent as on 31<sup>st</sup> March, 2016. The Board has approved that any unspent amount, out of the minimum required CSR expenditure of the FY 2015-16 be carried forward to the next year provided that the carried forward amount shall be over and above the next year's CSR allocation equivalent to atleast 2% of the average net profit of the Company of the immediately preceding three years.

The annual report on the CSR activities in the prescribed format is at **Annexure 1** to this Report.

Details of the Company's approach towards CSR including overview of projects or programmes undertaken/proposed to be undertaken are covered in the Sustainability Report at pages herein of this Report.

## DIRECTORS

Pursuant to Section 152 of the Companies Act, 2013 and Article 116 read with 118 of the Article of Association of the Company, Ms. Anita Arjundas (DIN: 00243215) a Executive Non-Independent Director retires by rotation at the 17<sup>th</sup> Annual General Meeting of the Company and being eligible has offered herself for re-appointment.

Pursuant to Sections 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, Dr. Anish Shah (DIN : 02719429), a Non-Executive and Non-Independent Director who was appointed as an Additional Director on 28<sup>th</sup> August, 2015, ceases to hold office as per the provisions of Section 161 of the Companies Act, 2013, at the ensuing Annual General Meeting. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director alongwith requisite deposit.

Brief resume of Ms. Anita Arjundas and Dr. Anish Shah, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees and shareholding as stipulated under Regulation 36(3) of SEBI LODR, are provided in the Corporate Governance Report forming part of the Annual Report. None of the Directors of the Company are inter-se related to each other.

Both the above Directors i.e. Ms. Anita Arjundas and Dr. Anish Shah are not disqualified from being re-appointed as Directors by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to the provisions of the Companies Act, 2013 and Part D of Schedule II of SEBI LODR, evaluation of every Director's performance was done by Nomination and Remuneration

Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof and Chairman of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity; attendance and adequacy of time given by the Directors to discharge their duties, Corporate Governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

The Company has received declarations from each of the Independent Directors confirming that they meet the criteria of Independence as provided in Sub-section 6 of Section 149 of the Companies Act, 2013 and in Regulation 16(1) (b) of SEBI LODR.

The details of familiarisation programme for Independent Directors have been disclosed on website of the Company and is available at the link: [http://www.mahindralifespaces.com/media/newsevents\\_file/detailsofd-0f2f1bb18e3bb62.pdf](http://www.mahindralifespaces.com/media/newsevents_file/detailsofd-0f2f1bb18e3bb62.pdf)

The following policies of the Company are attached herewith and marked as **Annexure 2**, **Annexure 3** and **Annexure 4**;

1. Policy on appointment of Directors and Senior Management (**Annexure 2**)
2. Policy, as modified on 10<sup>th</sup> June, 2016, on Remuneration of Directors (**Annexure 3**) and
3. Policy, as modified on 10<sup>th</sup> June, 2016, on Remuneration of Key Managerial Personnel and Employees (**Annexure 4**)

The Managing Director & CEO draws remuneration only from the Company and does not receive any remuneration or commission from any of its subsidiary companies/holding company.

#### KEY MANAGERIAL PERSONNEL (KMP)

The Company has following persons as Key Managerial Personnel under the Companies Act, 2013:

Sr. No.	Name of the person	Designation
1	Ms. Anita Arjundas	Managing Director & CEO
2	Mr. Suhas Kulkarni	Company Secretary
3	Mr. Jayantt Manmadkar	Chief Financial Officer

During the year under review, there was no change in the KMP of the Company.

#### MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, eight Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the

Companies Act, 2013, Secretarial Standard – 1 (SS-1) issued by ICSI and SEBI LODR.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31<sup>st</sup> March, 2016 and of the profit of the Company for that period;
- (c) they had 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;
- (d) they had prepared the annual accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board reviews the internal control systems with the management, Internal Auditors and Statutory Auditors and the adequacy of internal audit function and significant internal audit findings.

#### COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of the Company as on 31<sup>st</sup> March, 2016 comprised of three independent Directors, namely Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti, Dr. Prakash Hebalkar and one Non-Executive Non-Independent Director, Dr. Anish Shah. Mr. Sanjiv Kapoor is the Chairman of the Committee.

During the year, Mr. Anil Harish, Non-Executive Independent Director resigned from the Board of the Company and consequently ceased to be a member of the Audit Committee effective 16<sup>th</sup> June, 2015. Mr. Uday Phadke, Non-Executive Non-Independent Director retired by rotation at the 16<sup>th</sup> Annual General Meeting and consequently ceased to be a member of the Audit Committee effective 31<sup>st</sup> July, 2015. The Board at its Meeting held on 28<sup>th</sup> August, 2015 appointed Dr. Prakash Hebalkar Non-Executive Independent Director and Dr. Anish Shah Non-Executive Non-Independent Director, as members of the Audit Committee.

All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman of the Company, the Managing Director & Chief Executive Officer, Chief Financial Officer, the Internal Auditors and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Internal Auditor reports to the Chairman of the Audit Committee. The significant audit observations and corrective actions as may be required and taken by the management are presented to the Audit Committee. The Board has accepted all recommendations made by the Audit Committee from time to time.

#### **VIGIL MECHANISM/WHISTLE BLOWER MECHANISM**

In terms of provisions of Regulation 22 read with Regulation 4(2)(d)(iv) of SEBI LODR and Sub-section 9 of Section 177 of Companies Act, 2013, the Company has modified its Whistle Blower Policy w.e.f. 28<sup>th</sup> January, 2016. The Policy is for stakeholders including directors and employees of the Company and their representative bodies to freely communicate their concerns/grievances about illegal or unethical practices in the Company, actual or suspected, fraud or violation of the Company's Code or Policies. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. It provides a mechanism for stakeholders to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell consisting of Head-Legal & Secretarial, Chief Financial Officer and Chief Ethics Officer (Head-Human Resources). During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or to the Chairman of the Company or to the Corporate Governance Cell. The modified Whistle Blower Policy of the Company is available at web link: [http://www.mahindralifespaces.com/media/newsevents\\_file/whistleblo-9e83538439d221f.pdf](http://www.mahindralifespaces.com/media/newsevents_file/whistleblo-9e83538439d221f.pdf)

#### **RISK MANAGEMENT**

The Company already has in place the process to inform the Board about the risk assessment and minimisation procedures. The Company has an appropriate risk management system in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Presently, Regulation 21 of the SEBI LODR w.r.t. Risk Management Committee is not applicable to your Company. However, the Company has constituted a "Risk Management Committee" consisting of Mr. Shailesh Haribhakti, Non-Executive Independent Director and Ms. Anita Arjundas, MD & CEO of the Company and the Chief Financial Officer, for monitoring and reviewing of the risk assessment, mitigation and risk management plan from time to time. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

#### **AUDITORS**

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Registration Number- 105102W), retire as Auditors at the

17<sup>th</sup> Annual General Meeting. As required under the provisions of Sections 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, proposed to be re-appointed as Auditors for one year i.e. from the conclusion of the ensuing Annual General Meeting upto the conclusion of the 18<sup>th</sup> Annual General Meeting of the Company, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section and that they are not disqualified to be appointed as Auditors of the Company. The Board has recommended to the shareholders for approval, reappointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, as the Statutory Auditors to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

The notes of the 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, disclaimer or adverse remark.

#### **COST AUDITOR**

The Board of Directors, on recommendation of the Audit Committee and subject to approval of the members on the remuneration to be paid to the Cost Auditor, has appointed CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant, Mumbai, as Cost Auditor of the Company, for the Financial Year 2015-16, for conducting the audit of the cost records maintained by the Company for the various products as mandated by the Central Government, pursuant to its order dated 30<sup>th</sup> June, 2014 and any amendments thereof.

#### **SECRETARIAL AUDITOR**

The Board has appointed M/s. Martinho Ferrao & Associates, practising Company Secretaries, to conduct the secretarial audit of the Company for the financial year(s) commencing on and from 1<sup>st</sup> April, 2014. The Secretarial Audit report for the financial year ended on 31<sup>st</sup> March, 2016 is annexed herewith and marked as **Annexure 5** to this Report. The Secretarial Audit Report does not contain any qualification, reservation, disclaimer or adverse remark.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

As the Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of the same are provided in the standalone financial statement at Note no.13 and 19.

Particulars of investment made under Section 186 of the Companies Act, 2013 are provided in the standalone financial statement at it's Note no. 12.

#### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were



in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. In view of the above, the requirement of giving particulars of contracts/arrangements/transactions made with related parties, in Form AOC-2 are not applicable for the year under review.

The Policy on materiality of related party transactions and also on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link:[http://www.mahindralifespaces.com/media/newsevents\\_file/policyonma-20883dd2bb48c0f.pdf](http://www.mahindralifespaces.com/media/newsevents_file/policyonma-20883dd2bb48c0f.pdf)

The Directors draw attention of the members to Note 39 to the standalone financial statement which sets out related party disclosures.

### DEPOSITS, LOANS AND ADVANCES

The Company has not accepted any deposits from the public or its employees during the year under review. The details of loans and advances, which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI LODR with the Company, are furnished separately at **Annexure 6**.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the **Annexure 7** to this report.

### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The Company had 15 employees who were in receipt of remuneration of not less than ₹ 60,00,000 during the year ended 31<sup>st</sup> March, 2016 or not less than ₹ 5,00,000 per month during any part of the year. Disclosures with respect to the remuneration of Directors, KMPs and employees as required Under Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 8** to this Report.

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company 21 days before the Annual General Meeting, during the working hours and shall be made available to any Shareholder on request. Such details are also available on the Company's website at: <http://www.mahindralifespaces.com/investors/disclosures-sebi>. None of the employees listed in the aforesaid details is a relative of any Director of the Company. None of the employees of the Company, employed throughout the financial year or part thereof, was in receipt of remuneration in the year which, in the aggregate, or as the case may be, at a

rate which, in the aggregate, is in excess of that drawn by the Managing Director and holds by himself/herself or along with his/her spouse and dependent children, 2 % or more of the equity shares of the Company.

### EXTRACT OF ANNUAL RETURN

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 9** and forms part of this Report.

### REGISTRAR AND SHARE TRANSFER AGENT

The Securities Exchange Board of India (SEBI) had vide its ExParte Ad Interim Order No. WTM/RKA/MIRSD2/41/2016 dated 22<sup>nd</sup> March, 2016 (SEBI Order) directed clients of Sharepro Services (India) Private Limited ("Sharepro") to audit the records and systems of Sharepro with respect to dividend paid and transfer of securities to determine whether dividends have been paid to actual/beneficial holders and whether securities have been transferred as per provisions of law during last 10 years. SEBI had also advised all the companies who are/were clients of Sharepro to carry out/switchover their activities related to a registrar to an issue and share transfer agent, either in-house or through another registrar to an issue and share transfer agent registered with SEBI.

Pursuant to the above order and pursuant to Regulation 30 of SEBI LODR, the Company on 10<sup>th</sup> June, 2016 has:

1. Appointed Ernst & Young LLP to conduct audit as required in the SEBI order;
2. Issued a notice to Sharepro Services (India) Private Limited ("Sharepro"), Registrar & Share Transfer Agent (R&T Agent) of the Company, to terminate the Memorandum of Understanding, effective from close of business hours on 17<sup>th</sup> June, 2016;
3. Decided to appoint Karvy Computershare Private Limited ("Karvy") having its Corporate office at Karvy Selenium, Tower- B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 and Investor Relation Centre at 24 B, Rajabhadur Mansion, Ground Floor, Ambalal Doshi Marg, Fort, Mumbai - 400 023, as the new Registrar and Share Transfer Agent of the Company in place of Sharepro with effect from 18<sup>th</sup> June, 2016.

Sharepro will however continue to provide its support till such time the database is transferred to Karvy and the electronic connectivity is established between Karvy and the Depositories. The Company is in process of making necessary arrangements in order to ensure smooth transition from Sharepro to Karvy.

### GENERAL

No fraud has been reported during the audit conducted by the Statutory Auditors, Internal Auditors, Secretarial Auditors and Cost Auditors of the Company.

During the year under review, no revision was made in the previous financial statement of the Company.

During the year ended on 31<sup>st</sup> March, 2016, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company's equity shares. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

**CAUTIONARY STATEMENT:**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

**ACKNOWLEDGMENT**

The Directors would like to thank all shareholders, customers, bankers, contractors, suppliers, joint venture partners and associates of the Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

**For and on behalf of the Board,**

**Anita Arjundas**  
**Managing**  
**Director & CEO**  
DIN: 00243215

**Shailesh Haribhakti**  
**Non-Executive**  
**Independent Director**  
DIN: 00007347

Mumbai, 10<sup>th</sup> June, 2016

## ANNEXURE 1

### ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
  - a) Mahindra Lifespaces is driven by its mission of 'Transforming urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. Our current focus areas for our CSR efforts include education, environment, skill development and preventive healthcare. This is in alignment with Mahindra Group's core purpose of challenging conventional thinking and innovatively using all resources to drive positive change in the lives of our stakeholders and communities, thus, enabling them to Rise. Inclusive development at all our project locations ensures that we grow with the communities surrounding us, thereby enabling truly sustainable living.
  - b) The company has adopted CSR policy which is available on:  
<http://www.mahindralifespaces.com/pdf/midl%20csr%20policy-final-cln.pdf>
2. The composition of the CSR Committee of the Board of Directors as on 31<sup>st</sup> March, 2016: Mr Arun Nanda: Chairman  
 Ms Anita Arjundas: Member  
 Mr Shailesh Haribhakti: Member
3. Average net profit of the Company for last three financial years: ₹ 18,863 lakh
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 377.26 lakh
5. Details of CSR spent during the financial year.
  - a) Total amount to be spent for the financial year: ₹ 377.26 lakh
  - b) Amount unspent, if any: ₹ 132.73 lakh
  - c) Manner in which the amount spent during the financial year is detailed below :

(1) Sr. no.	(2) CSR project of activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where project or program was undertaken	(5) Amount outlay (budget) project or program wise (₹ in lakh)	(6) Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overhead (₹ in lakh)	(7) Cumulative expenditure upto the reporting period (₹ in lakh)	(8) Amount spent: Direct or through implementing agency*
1	Nanhi Kali –sponsored 5,286 girl child education	Education	Pan India where the Company has existing projects	188.63	Direct expenditure: 188.63	188.63	Through : KC Mahindra Education Trust
2	Gyandeeep – Construction of new school and supporting child education of nearby community and construction site	Education	Delhi, Pune, Bengaluru and Boisar	15.87	Direct expenditure: 15.95	15.95	Through NGOs: Doorstep, Samarthanam, Shree Amrut vahini, We for You Society
3	Project Haryali – Tree Plantation of 7,300 nos	Environment	Mumbai, Delhi, and Pune	15.00	Direct expenditure: 10.62	10.62	Through various regional NGOs

(1) Sr. no.	(2) CSR project of activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where project or program was undertaken	(5) Amount outlay (budget) project or program wise (₹ in lakh)	(6) Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overhead (₹ in lakh)	(7) Cumulative expenditure upto the reporting period (₹ in lakh)	(8) Amount spent: Direct or through implementing agency*
4	Green Army - School activation project covered 8000 school children from 40 schools to inculcate sustainable living habits	Environment & Education	Mumbai and Pune	15.00	Direct expenditure: 12.17	12.17	Through NGO: Parishar Asha
5	Gram Vikas – Local infrastructure in nearby village	Rural development projects	Boisar	17.16	Direct expenditure: 17.16	17.16	Through NGO: Shree Amrut vahini
6	Centre of Excellence on of Sustainable Habitats	Environment	Delhi	125.60	Nil	Nil	-
	<b>Total</b>			<b>377.26</b>	<b>244.53</b>	<b>244.53</b>	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

Of the total budget of ₹ 377.26 lakh for FY 2015-16, the Company has an unspent amount of ₹ 132.73 lakh which was earmarked for contribution as corpus by the Company to establish a Centre of Excellence (CoE) for Sustainable Habitats with the support of TERI with the objective of developing and applying various innovative solutions so as to reduce the cost of green construction in the country. The discussion and requisite documentation with TERI, although was at an advanced stage, could not be completed by 31<sup>st</sup> March, 2016. As a result, the amount of ₹ 132.73 lakh which was earmarked for aforesaid contribution remained unspent as on 31<sup>st</sup> March, 2016. The Board has approved that any unspent amount, out of the minimum required CSR expenditure of the FY 2015-16 be carried forward to the next year provided that the carried forward amount shall be over and above the next year's CSR allocation equivalent to atleast 2% of the average net profit of the Company of the immediately preceding three years.

7. The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

**Anita Arjundas**  
(Managing Director & CEO)  
DIN: 00243215  
Mumbai, 26<sup>th</sup> April, 2016

**Arun Nanda**  
(Chairman – CSR Committee)  
DIN: 00010029  
Mumbai, 26<sup>th</sup> April, 2016

## ANNEXURE 2

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Lifespace Developers Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team/Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director (ID) is to be appointed :
  1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective;
  2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making;
  3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director & CEO will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of the Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team. Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

**For and on behalf of the Board**

**Anita Arjundas**  
Managing Director & CEO  
DIN: 00243215

**Shailesh Haribhakti**  
Non-Executive Independent Director  
DIN: 00007347

Mumbai, 10<sup>th</sup> June, 2016

Mumbai, 10<sup>th</sup> June, 2016

## ANNEXURE 3

### POLICY FOR REMUNERATION OF THE DIRECTORS

(Modified w.e.f. 1<sup>st</sup> April, 2015)

#### Purpose

This Policy sets out the approach to Compensation of Directors, in Mahindra Lifespace Developers Limited.

#### Policy Statement

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy guides us to focus on enhancing the value of the Company by attracting and retaining Directors for achieving objectives of the Company.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013, and Part D of Schedule II of the SEBI LODR with Stock Exchanges and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER (MD & CEO) AND EXECUTIVE DIRECTORS

Remuneration of the MD & CEO and Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director and Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The remuneration to the MD & CEO shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as per the policy of the Company from time to time and as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of appointment, the variable compensation will be determined annually by the NRC based on the performance of MD & CEO.

The term of office and remuneration of MD & CEO is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its MD & CEO in accordance with the provisions of Schedule V of the Companies Act, 2013.

If a MD & CEO draws or receives, directly or indirectly by way of remuneration any such sum in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sum to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for MD & CEO is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him/her fairly and responsibly. The remuneration to the MD & CEO comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the Nomination and Remuneration Committee/Board. The MD & CEO is entitled for grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

#### Directors

The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, and meetings of Independent Directors, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

#### Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director and Executive Directors and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

#### For and on behalf of the Board

**Anita Arjundas**  
Managing Director & CEO  
DIN: 00243215

**Shailesh Haribhakti**  
Non-Executive Independent Director  
DIN: 00007347

Mumbai, 10<sup>th</sup> June, 2016

Mumbai, 10<sup>th</sup> June, 2016

**ANNEXURE 4**  
**POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES**  
**(Modified w.e.f. 1<sup>st</sup> April, 2015)**

**Objective**

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

**Standards**

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and is payable quarterly/annually.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both BSC and KRA are evaluated at the end of the fiscal to arrive at the BSC rating of the business and Performance Pay Scheme (PPS) rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - a) The increment that needs to be paid for different performance ratings as well as grades;
  - b) The increment for promotions and the total maximum increment;
  - c) The maximum increase in compensation cost in % and absolute;
- Compensation corrections are made, if required, in a few cases based on the inputs from the Survey, so as to address significant gaps, if any.

**For and on behalf of the Board**

**Anita Arjundas**  
 Managing Director & CEO  
 DIN: 00243215

**Shailesh Haribhakti**  
 Non-Executive Independent Director  
 DIN: 00007347

Mumbai, 10<sup>th</sup> June, 2016

Mumbai, 10<sup>th</sup> June, 2016

**ANNEXURE 5**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies**  
**(Appointment and Remuneration Personnel) Rules, 2014]**

To,  
 The Members,

**Mahindra Lifespace Developers Limited**

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Lifespace Developers Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon;
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended/re-enacted thereof;
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review;
    - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not applicable as the Company has not delisted its equity shares from any Stock Exchange during the financial year under review; and
    - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not applicable as the Company has not bought back any of its securities during the financial year under review;
- (vi) We have also examined the compliances of the provisions of the following other laws applicable specifically to the Company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:
  - a) The Building & Other Construction Workers (Regulation of employment and conditions of service) Act, 1996;
  - b) Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations;
  - c) The Special Economic Zone Act, 2005 and Rules thereunder;
  - d) The Ownership Flats & Apartment Ownership Act as applicable at various locations;
  - e) The Co-operative Societies Act, as applicable at various locations;
  - f) The Environment Protection Act, 1986;
  - g) The Child Labour (Prohibition & Regulation) Act, 1986;
4. We have also examined compliance with the applicable clauses of the following:
  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India.



- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
6. We further report that:  
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Following are the changes in the composition of the Board of Directors that took place during the period under review:
- Mr. Anil Harish, an Independent Director resigned from the Board effective 16<sup>th</sup> June, 2015;
  - Mr. Shailesh Haribhakti, existing Independent Director, who met the criteria of Independence, was appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 31<sup>st</sup> July, 2015;
  - Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar, the existing Independent Directors, who met the criteria of Independence were appointed as Independent Directors of the Company, not liable to retire by rotation, to hold office for a term of 2 (two) consecutive years commencing from 31<sup>st</sup> July, 2015.
  - Mr. Uday Phadke, Non-independent non- executive Director retired by rotation at the 16<sup>th</sup> Annual General Meeting of the Company held on 31<sup>st</sup> July, 2015;
  - Dr. Anish Shah was appointed by the Board on 28<sup>th</sup> August, 2015 as an Additional Director in the category of Non-executive Non-independent Director.
7. Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
8. Majority decision is carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes;
9. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;
10. We further report that during the audit period, the Company has taken approval of shareholders in the AGM held on 31<sup>st</sup> July, 2015:
- for Private Placement of Non-Convertible Debentures and/or other Debt Securities upto an aggregate amount of ₹ 750,00,00,000/- (Rupees Seven Hundred Fifty crore only).
  - for adoption of new set of Articles of Association as per the provisions of the Companies Act, 2013 in place of the existing Articles of Association of the Company.
  - to enter into material contracts/arrangements/ transactions in the normal course of business with Mahindra Homes Private Limited ("MHomes") a 'Related Party' as defined under Section 2(76) of the Companies Act, 2013 and Clause 49 (VII) of the Listing Agreement, upto an aggregate of ₹ 500.05 crore.

**For M/s. Martinho Ferrao & Associates**  
Company Secretaries

**Martinho Ferrao**  
Proprietor  
FCS No. 6221  
C P No. 5676

Place: Mumbai  
Date: 26<sup>th</sup> April, 2016

**ANNEXURE 6**

Particulars of loans and advances, and investments in its own shares by listed companies, their subsidiaries, associates etc. required to be disclosed in the annual accounts of the Company pursuant to Para A of Schedule V of SEBI LODR with the Company and its holding company Mahindra & Mahindra Limited.

**Loans and advances in the nature of loans to subsidiaries:**

(₹ in lakh)

Name of the company	Balance as on 31 <sup>st</sup> March, 2016	Maximum amount outstanding during the year
Mahindra Integrated Township Limited	–	5,770.00
Mahindra Bebanco Developers Limited	1,764.56	1,764.56
Knowledge Township Limited	1,917.00	1,917.00
Mahindra World City Developers Limited	–	16,200.00

**Loans and advances in the nature of loans to Associates:**

(₹ in lakh)

Name of the company	Balance as on 31 <sup>st</sup> March, 2016	Maximum amount outstanding during the year
Topical Builders Private Limited	207.39	262.39
Kismat Developers Private Limited	0.25	0.25

**Loans and advances in the nature of loans to firms/Companies in which directors are Interested:**

Name of the firm/company	Balance as on 31 <sup>st</sup> March, 2016	Maximum amount outstanding during the year
NIL	–	–

For and on behalf of the Board

**Anita Arjundas**Managing Director & CEO  
DIN: 00243215Mumbai, 10<sup>th</sup> June, 2016**Shailesh Haribhakti**Non-Executive Independent Director  
DIN: 00007347Mumbai, 10<sup>th</sup> June, 2016

**ANNEXURE 7**

**(A) CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy	<p>: As a part of sustainable development, adequate measures have been initiated to reduce energy consumption. With an intent to provide an energy efficient final product to its customers, the Company is developing Green buildings.</p> <p>Green buildings increase resource efficiency (energy, water, and materials), while reducing the impact on human health and the environment, through better selection of sites, design, construction, operation, maintenance i.e. the complete building life cycle.</p> <p>Steps taken for energy conservation:</p> <ol style="list-style-type: none"> <li>1. Energy efficient building envelopes for walls and roofs including Low E glass in selective projects</li> <li>2. Heat Reflective paints/reflective surfaces for the roofs</li> <li>3. Artificial lighting control via daylight sensor in selective projects</li> <li>4. Adoption of high efficiency pumps, and motors</li> <li>5. Group control mechanism for lifts</li> <li>6. LED lamps for common areas &amp; pathways and solar street lights for the landscape areas</li> <li>7. Solar thermal water heaters for hot water generation in selective projects.</li> </ol> <p>Under Climate Positive Development Program (C40 program) for Mahindra World City Jaipur:</p> <ol style="list-style-type: none"> <li>a. Energy efficient lighting project completed at Evolve. All common area lightings converted to LED.</li> <li>b. The work for community lighting LED project has been initiated.</li> </ol>
(ii)	the steps taken by the Company for utilising alternate sources of energy;	<p>: a. Renewable Energy Project- Mahindra World City (MWC), WRI &amp; IFC (Part of World Bank Group) conducted a workshop in the month of January' 2016 on Group Captive Renewable project. The objective is to provide clean, uninterrupted and cheaper power to occupants of MWC in Chennai</p> <p>Bio-CNG Plant of 10 Tonnes/day capacity has been commissioned. It will be used in Gas engines and to run shuttles and tractors within Mahindra World City Chennai.</p> <p>b. Under Climate Positive Development Program (C40 program) for Mahindra World City Jaipur - a Power Purchase Agreement is signed with Cleanmax of approx 210 kWp which is commissioned and operational.</p>
(iii)	the capital investment on energy conservation equipments	<p>: Mahindra Lifespaces develops all its projects as green building projects. The Company does not capture these expenses separately under environmental protection expenditures/green investments.</p> <p>During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself.</p> <p>These expenditures are mainly for</p> <ol style="list-style-type: none"> <li>1. use of energy efficient building envelopes (walls and roofs)</li> <li>2. fenestration like low E glass,</li> <li>3. heat reflective paints,</li> <li>4. low flow fixtures,</li> <li>5. sewage treatment plants,</li> <li>6. rain water harvesting system,</li> <li>7. solar street lights or LED lights,</li> <li>8. organic waste converter,</li> <li>9. energy efficient equipments such as pumps and motors, etc.</li> <li>10. Solar Water heating systems</li> <li>11. Solar PV system for selective projects</li> </ol>

**B. TECHNOLOGY ABSORPTION:**

(i)	the efforts made towards technology absorption	:	Technologies like Precast Concrete & Aluminium formwork, use of Cellular Lightweight Concrete & Autoclaved Aerated Concrete Blocks, latest tile work methodologies using Adhesives, Pre-packed Ready mix plasters, FRP Composite door frames, Integrated Pre-hung door systems, Multi point lock safe main door systems, Tilt and turn uPVC windows, DGUs, Stack car parking systems have been adopted during the year in different projects
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Increase in work speed, improved finish quality & reducing the dependence on manpower
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	(a) The details of technology imported – Pre-cast Technology (b) The year of import – FY 14-15 (c) Whether the technology has been fully absorbed – Yes (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - NA
(iv)	the expenditure incurred on Research and Development	:	N.A.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Details of Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are furnished in Note no. 27, 28 and 30 to the standalone financial statement.

**For and on behalf of the Board**

**Anita Arjundas**  
Managing Director & CEO  
DIN: 00243215

**Shailesh Haribhakti**  
Non-Executive Independent Director  
DIN: 00007347

Mumbai, 10<sup>th</sup> June, 2016

Mumbai, 10<sup>th</sup> June, 2016

## ANNEXURE 8

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16:

Name	Designation	Ratio
Mr. Arun Nanda	Non-Executive Non-Independent Chairman	9.32
Mr. Sanjiv Kapoor	Non-Executive Independent Director	1.10
Mr. Shailesh Haribhakti	Non-Executive Independent Director	1.10
Dr. Prakash Hebalkar	Non-Executive Independent Director	1.10
Dr. Anish Shah <sup>1</sup>	Non-Executive Non-Independent Director	–
Ms. Anita Arjundas	Managing Director & Chief Executive Officer	30.85
Mr. Anil Harish <sup>2</sup>	Non-Executive Independent Director	0.27
Mr. Uday Y. Phadke <sup>3</sup>	Non-Executive Non-Independent Director	–

<sup>1</sup> Dr. Anish shah was appointed as an Additional Director effective 28<sup>th</sup> August, 2015;

<sup>2</sup> Mr. Anil Harish resigned from the Board of the Company effective 16<sup>th</sup> June, 2015;

<sup>3</sup> Mr. Uday Y. Phadke retired by rotation at the 16<sup>th</sup> Annual General Meeting of the Company held on 31<sup>st</sup> July, 2015

For this purpose, sitting fees and reimbursement of out of pocket expenses incurred in attending the Board and Committees Meetings and meetings of Independent Directors, paid to the Directors have not been considered as remuneration. In respect of Non-Executive Chairman and Independent Directors only remuneration paid by way of Commission was considered.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

The percentage increase in remuneration is as follows:

Name of the Person	Designation	% increase/ (decrease) over the FY 2014-15 (annualised basis)
Mr. Arun Nanda	Non-Executive Non-Independent Chairman	(15)
Mr. Sanjiv Kapoor	Non-Executive Independent Director	Nil
Mr. Shailesh Haribhakti	Non-Executive Independent Director	Nil
Dr. Prakash Hebalkar	Non-Executive Independent Director	Nil
Dr. Anish Shah <sup>1</sup>	Non-Executive Non-Independent Director	Not Applicable
Mr. Anil Harish <sup>2</sup>	Non-Executive Independent Director	Nil
Mr. Uday Y. Phadke <sup>3</sup>	Non-Executive Non-Independent Director	Not Applicable
Ms. Anita Arjundas	Managing Director & CEO	29.74
Mr. Jayantt Manmadkar	Chief Financial Officer	11
Mr. Suhas Kulkarni	Company Secretary	15

<sup>1</sup> Dr. Anish shah was appointed as an Additional Director effective 28<sup>th</sup> August, 2015;

<sup>2</sup> Mr. Anil Harish resigned from the Board of the Company effective 16<sup>th</sup> June, 2015;

<sup>3</sup> Mr. Uday Y. Phadke retired by rotation at the 16<sup>th</sup> Annual General Meeting of the Company held on 31<sup>st</sup> July, 2015

3. The Percentage increase in the median remuneration of employees in the financial year:

The percentage increase in the median remuneration of the employees in the financial year was around 14%. The calculation of percentage increase in median remuneration is done based on comparable employees. Employees who were not eligible for any increment have been excluded for the purpose of this calculation.

4. The Number of permanent employees on the rolls of the Company:

The number of on-rolls permanent employees is 350.

5. The explanation on the relationship between average increase in remuneration and the Company performance:

The criteria for increase in the remuneration, amongst other things, is also related to the Individual performance, the Company's performance and such other factors more particularly described in the Policy for Remuneration of the Directors and the Policy on remuneration of Key Managerial Personnel and Employees which are at Annexure 3 and 4 of this Report.

The average increase in the remuneration of the employee during the year 2015-16 was around 14 %.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

For FY 2015-2016, the key managerial personnel were paid around 4.41 % of the profit after tax.

7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

The Market capitalization of the company (taking standalone results and closing price of NSE\*) has decreased from ₹ 1,924.91 crore as of March 31, 2015 to ₹ 1729.14 crore as of March 31, 2016. Over the same period, the price to earnings ratio moved from 8.24 to 16.54. The Company's stock price on BSE as at March 31, 2016 has increased by

153.83 % to ₹ 420.35 compared to the listing of Company's Shares (pursuant to the scheme of arrangement approved by the High Court at Bombay) for the first time on BSE in April, 2000 at the price of ₹ 165.60 per share (face value ₹ 10 per share). Since the listing of the Company's share in April, 2000, the Company has not made any Public Offer.

\*The Shares of the Company are frequently traded on NSE.

**Variation in the Net worth**

The Net worth of the Company as at the close of the financial year 2015-16, was ₹ 1,400.94 crore as compared to ₹ 1,323.13 crore as at the close of the financial year 2014-15.

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and exceptional circumstances for increase in the managerial remuneration, if any:

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel for FY 2016 is around 14 %, while the average increase in the remuneration of the Key Managerial Personnel is 14 %. This increment is in line with the factors outlined in point (5) above.

9. Comparison of the remuneration of each of the Key Managerial Personnel against the performance of the Company:

The comparison of remuneration of each of the KMP against the performance of the Company is as under

Designation	% of PAT
Managing Director & Chief Executive Officer	2.69%
Chief Financial Officer	0.74%
Senior Vice President - Legal & Company Secretary	0.99%

10. The key parameters for any variable component of remuneration availed by the directors:

While no variable component of remuneration was availed by the Directors during the year under review, the following are the broad factors and guidelines considered for the Performance (Variable) Pay in respect of Managing Director & CEO:

- a. Financial outcome and profitability of the Company;
- b. Annual Performance Review based on the Company Balanced Scorecard.

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Not Applicable

12. Affirmation that the remuneration is as per the remuneration policy of the Company:

Yes

**For and on behalf of the Board**

**Anita Arjundas**

**Shailesh Haribhakti**

Managing Director & CEO Non-Executive Independent Director

DIN: 00243215

DIN: 00007347

Mumbai, 10<sup>th</sup> June, 2016

Mumbai, 10<sup>th</sup> June, 2016

**ANNEXURE 9**

FORM NO. MGT - 9

**EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>st</sup> March, 2016

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

**1. REGISTRATION AND OTHER DETAILS**

1.	CIN	L45200MH1999PLC118949
2.	Registration Date	16/03/1999
3.	Name of the Company	Mahindra Lifespace Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Worli, Mumbai 400 018 Contact: Telephone: 67478600/07 Fax: 022 2497 5084
6.	Whether listed Company (Yes/No)	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>As on 31<sup>st</sup> March, 2016 and till 17<sup>th</sup> June, 2016:</b> <b>Sharepro Service (India) Pvt. Limited</b> 13/AB, Samhita Warehousing Complex, Near Sakinaka Tel. Exchange, Andheri Kurla Road, Sakinaka, Andheri (E) Mumbai 400072. Telephone: 67720300, 67720400 Fax Number: 28591568, 28508927 Email id: sharepro@shareproservices.com  <b>With effect from 18th June, 2016:</b> <b>Karvy Computershare Private Limited,</b> <b>Corporate Office:</b> Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Tel: 91 40-67162222 Fax: 91 40-23420814 Email Id: einward.ris@karvy.com Website: www.karvycomputershare.com  <b>Investor Relation Centre:</b> 24 B, Rajabhadur Mansion, Ground Floor, Ambalal Doshi Marg, Fort, Mumbai 400 023

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of buildings	410	76.80

\* As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

# on the basis of Gross Turnover (Total Income).

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate/Joint venture	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Add: Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Holding	50.80	2(46)
2	Mahindra Infrastructure Developers Limited <sup>@</sup>	U45201MH2001PLC131942	Subsidiary	100.00	2(87)(ii)
3	Mahindra World City Developers Limited Add: Ground Floor, Mahindra Towers, 17/18,Patulous Road, Chennai 600 002 Tamil Nadu	U92490TN1997PLC037551	Subsidiary	89.00	2(87)(ii)
4	Mahindra World City (Jaipur) Limited Add: 4th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme Jaipur 302 001, Rajasthan	U45209RJ2005PLC021207	Subsidiary	74.00	2(87)(ii)
5	Mahindra World City (Maharashtra) Limited <sup>@</sup>	U45309MH2005PLC156225	Subsidiary	100.00	2(87)(ii)
6	Mahindra Integrated Township Limited Add: Administrative Block, Central Avenue, Mahindra World City, Natham Sub P.O.; Chengelpet Taluk, Kancheepuram 603 002, Tamil Nadu	U74140TN1996PLC068288	Subsidiary	96.30*	2(87)(ii)
7	Knowledge Township Limited <sup>@</sup>	U72900MH2007PLC173137	Subsidiary	100.00	2(87)(ii)
8	Mahindra Residential Developers Limited Add: Mahindra World City, Administrative Block, Chegalpattu 603 002 Tamil Nadu	U45200TN2008PLC066292	Subsidiary	96.30*	2(87)(ii)
9	Mahindra Bebanco Developers Limited <sup>@</sup>	U45203MH2008PLC183107	Subsidiary	70.00	2(87)(ii)
10	Industrial Township (Maharashtra) Limited <sup>@</sup>	U45203MH2008PLC184190	Subsidiary	100.00	2(87)(ii)
11	Raigad Industrial & Business Park Ltd. <sup>@</sup>	U70102MH2009PLC193399	Subsidiary	100.00	2(87)(ii)
12	Anthurium Developers Limited <sup>@</sup>	U70109MH2010PLC203619	Subsidiary	100.00	2(87)(ii)
13	Industrial Cluster Private Limited ( Earlier known as Mahindra Housing Private Limited) <sup>@</sup>	U70102MH2013PTC241512	Subsidiary	100.00	2(87)(ii)
14	Mahindra Industrial Park Chennai Limited Add: Ground Floor, Mahindra Towers, 17/18,Patulous Road, Chennai 600 002, Tamil Nadu	U45209TN2014PLC098543	Subsidiary	53.40*	2(87)(ii)
15	Mahindra Water Utilities Limited <sup>#</sup> Add: Gateway Building, Apollo Bunder, Mumbai 400 001	U45205MH1999PLC121235	Subsidiary	98.99*	2(87)(ii)
16	Kismat Developers Private Limited <sup>@</sup>	U45200MH1994PTC079544	Associate	42.86	2(6)
17	Topical Builders Private Limited <sup>@</sup>	U45200MH1997PTC108695	Associate	50.00	2(6)
18	Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and prior to that Watsonia Developers Limited) <sup>@</sup>	U70102MH2010PTC203618	Joint Venture	50.00	2(6)
19	Mahindra Inframan Water Utilities Private Limited <sup>@</sup>	U90000MH2004PTC144079	Joint Venture	50.00	2(6)

\* Includes direct and indirect holding.

# Subsidiary w.e.f. 27<sup>th</sup> July, 2015.

@ Add: Mahindra Towers, 5<sup>th</sup> floor, Worli, Mumbai 400 018.



**4. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)**
**(i) Category-wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the year 2015-16				No. of Shares held at the end of the year 2015-16				% Change during the year
	Demat	Physical	Total	% of total subscribed and paid up share capital	Demat	Physical	Total	% of total subscribed and paid up share capital	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	2,08,46,126	-	2,08,46,126	50.83	2,08,46,126	-	2,08,46,126	50.80	-0.03
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>2,08,46,126</b>	<b>-</b>	<b>2,08,46,126</b>	<b>50.83</b>	<b>2,08,46,126</b>	<b>-</b>	<b>2,08,46,126</b>	<b>50.80</b>	<b>-0.03</b>
(2) <b>Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>2,08,46,126</b>	<b>-</b>	<b>2,08,46,126</b>	<b>50.83</b>	<b>2,08,46,126</b>	<b>-</b>	<b>2,08,46,126</b>	<b>50.80</b>	<b>-0.03</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	5,32,153	1,968	5,34,121	1.30	4,83,118	1,968	4,85,086	1.18	-0.12
b) Banks/Fl	10,441	5,436	15,877	0.04	11,520	5,436	16,956	0.04	0.00
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	194	56	250	0.00	194	56	250	0.00	0.00
g) FIs	1,18,19,607	2,757	1,18,22,364	28.83	1,06,11,052	2,757	1,06,13,809	25.87	-2.96
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>1,23,62,395</b>	<b>10,217</b>	<b>1,23,72,612</b>	<b>30.17</b>	<b>1,11,05,884</b>	<b>10,217</b>	<b>1,11,16,101</b>	<b>27.09</b>	<b>-3.08</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	22,17,259	9,838	22,27,097	5.43	26,18,723	9,630	26,28,353	6.41	0.98
ii) Overseas	11	276	287	0.00	11	276	287	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	31,03,931	5,85,106	36,89,037	8.99	32,97,866	5,68,851	38,66,717	9.42	0.43
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13,49,709	-	13,49,709	3.29	18,54,503	-	18,54,503	4.52	1.23
c) Others (Non Resident Individuals)	4,64,921	4,462	4,69,383	1.14	5,18,018	2,236	5,20,254	1.27	0.13

Category of Shareholder	No. of Shares held at the beginning of the year 2015-16				No. of Shares held at the end of the year 2015-16				% Change during the year
	Demat	Physical	Total	% of total subscribed and paid up share capital	Demat	Physical	Total	% of total subscribed and paid up share capital	
d) Others Trust	13,139	–	13,139	0.03	11,975	–	11,975	0.03	0.00
<b>Sub-total (B)(2):-</b>	<b>71,48,970</b>	<b>5,99,682</b>	<b>77,48,652</b>	<b>18.89</b>	<b>84,45,160</b>	<b>5,80,993</b>	<b>90,26,153</b>	<b>22.00</b>	<b>3.11</b>
<b>Total Public Shareholding (B) = (B) (1) + (B)(2)</b>	<b>1,95,11,365</b>	<b>6,09,899</b>	<b>2,01,21,264</b>	<b>49.06</b>	<b>1,95,51,044</b>	<b>5,91,210</b>	<b>2,01,42,254</b>	<b>49.09</b>	<b>0.03</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>44,540</b>	<b>270</b>	<b>44,810</b>	<b>0.11</b>	<b>44,540</b>	<b>230</b>	<b>44,770</b>	<b>0.11</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>4,04,02,031</b>	<b>6,10,169</b>	<b>4,10,12,200</b>	<b>100.00</b>	<b>4,04,41,710</b>	<b>5,91,440</b>	<b>4,10,33,150</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Name of Shareholder	No. of Shares held at the beginning of the year 2015-16			No. of Shares held at the end of the year 2015-16			% Change during the year
	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
Body Corporate-Mahindra & Mahindra Limited	2,08,46,126	51.03	–	2,08,46,126	50.8256	–	-0.03

**(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group**

The shareholding in percentage terms of the promoter has decreased because of issue of shares to eligible employees upon exercise of options granted under the Employee Stock Option schemes.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding			Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning 01.04.2015/ end of the year 31.03.2016	% of total shares of the Company	Date of transaction			No. of shares	% of total shares of the Company
1	AMANSA HOLDINGS PRIVATE LIMITED	25,05,170	6.13	01.04.2015				
				25.03.2016	(1,64,000)	Transfer	23,41,170	5.71
		<b>23,41,170</b>	<b>5.71</b>	<b>31.03.2016</b>				
2	SMALLCAP WORLD FUND, INC	21,57,380	5.28	01.04.2015	No change		21,57,380	5.26
		<b>21,57,380</b>	<b>5.26</b>	<b>31.03.2016</b>				
3	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	12,89,221	3.21	01.04.2015				
				10.07.2015	(4,899)	Transfer	12,84,322	3.13
				07.08.2015	(9,281)	Transfer	12,75,041	3.11
				09.10.2015	(1,478)	Transfer	12,73,563	3.10
				06.11.2015	(116)	Transfer	12,73,447	3.10
				11.12.2015	(2,144)	Transfer	12,71,303	3.10
				25.12.2015	(1,116)	Transfer	12,70,187	3.10
				08.01.2016	(411)	Transfer	12,69,776	3.10
				15.01.2016	411	Transfer	12,70,187	3.10
				19.02.2016	(215)	Transfer	12,69,972	3.10
				26.02.2016	5,30,924	Transfer	18,00,896	4.39
		11.03.2016	(543)	Transfer	18,00,353	4.39		
		18.03.2016	543	Transfer	18,00,896	4.39		
		<b>18,00,896</b>	<b>4.39</b>	<b>31.03.2016</b>				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning 01.04.2015/ end of the year 31.03.2016	% of total shares of the Company				No. of shares	% of total shares of the Company
4	THE SCOTTISH ORIENTAL SMALLER COMPANIES	10,94,955	2.68	01.04.2015				
				29.01.2016	(1,23,160)	Transfer	9,71,795	2.37
				26.02.2016	(5,09,747)	Transfer	4,62,048	1.13
				04.03.2016	(24,683)	Transfer	4,37,365	1.07
		<b>4,37,365</b>	<b>1.07</b>	<b>31.03.2016</b>				
5	FIL INVESTMENTS (MAURITIUS) LTD	10,37,867	2.54	01.04.2015				
				10.04.2015	(76,650)	Transfer	9,61,217	2.34
				17.04.2015	(35,621)	Transfer	9,25,596	2.26
				24.04.2015	(15,924)	Transfer	9,09,672	2.22
				01.05.2015	(26,636)	Transfer	8,83,036	2.15
				08.05.2015	(12,886)	Transfer	8,70,150	2.12
				15.05.2015	(1,01,424)	Transfer	7,68,726	1.87
				22.05.2015	(6,907)	Transfer	7,61,819	1.86
				29.05.2015	(46,332)	Transfer	7,15,487	1.74
				05.06.2015	(8,262)	Transfer	7,07,225	1.72
				12.06.2015	(6,577)	Transfer	7,00,648	1.71
				19.06.2015	(28,951)	Transfer	6,71,697	1.64
				26.06.2015	(6,71,697)	Transfer	0	0.00
		<b>0</b>	<b>0.00</b>	<b>31.03.2016*</b>				
* Ceased to be in the list of Top 10 shareholders as on 31.03.2016. The same is reflected above, since the shareholder was one of the Top 10 shareholders as on 01.04.2015.								
6	AMERICAN FUNDS INSURANCE SERIES GLOBAL SMALL CAPITALIZATION FUND	6,81,356	1.67	01.04.2015	No change		6,81,356	1.67
		<b>6,81,356</b>	<b>1.67</b>	<b>31.03.2016</b>				
7	NATIONAL WESTMINSTER BANK PLC AS DEPOSITARY OF FIRST STATE INDIAN SUBCONTINENT FUND A SUB FUND OF FI	6,17,334	1.51	01.04.2015				
				31.07.2015	685	Transfer	6,18,019	1.51
				07.08.2015	91	Transfer	6,18,110	1.51
				21.08.2015	688	Transfer	6,18,798	1.51
				28.08.2015	543	Transfer	6,19,341	1.51
				11.09.2015	2,050	Transfer	6,21,391	1.51
				18.09.2015	444	Transfer	6,21,835	1.51
				18.12.2015	124	Transfer	6,21,959	1.52
				15.01.2016	254	Transfer	6,22,213	1.52
				22.01.2016	908	Transfer	6,23,121	1.52
				29.01.2016	2,414	Transfer	6,25,535	1.52
				05.02.2016	379	Transfer	6,25,914	1.53
				19.02.2016	133	Transfer	6,26,047	1.53
				26.02.2016	12	Transfer	6,26,059	1.53
		04.03.2016	10,326	Transfer	6,36,385	1.55		
		<b>6,36,385</b>	<b>1.55</b>	<b>31.03.2016</b>				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding			Date of transaction	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning 01.04.2015/ end of the year 31.03.2016	% of total shares of the Company	No. of shares				% of total shares of the Company	
8	NATIONAL WESTMINSTER BANK PLC AS DEPOSITARY OF FIRST STATE ASIA PACIFIC FUND A SUB FUND OF FIRST STA	5,53,183	1.35	01.04.2015					
				10.07.2015	2,400	Transfer	5,55,583	1.35	
				31.07.2015	10,124	Transfer	5,65,707	1.38	
				07.08.2015	2,893	Transfer	5,68,600	1.39	
				21.08.2015	10,123	Transfer	5,78,723	1.41	
				28.08.2015	7,989	Transfer	5,86,712	1.43	
				11.09.2015	30,138	Transfer	6,16,850	1.50	
				18.09.2015	6,524	Transfer	6,23,374	1.50	
				18.03.2016	33,475	Transfer	6,56,849	1.60	
				25.03.2016	1,66,411	Transfer	8,23,260	2.01	
		<b>8,23,260</b>	<b>2.01</b>	<b>31.03.2016</b>					
9	NATIONAL WESTMINSTER BANK PLC AS DEPOSITARY OF FIRST STATE GLOBAL EMERGING MARKETS FUND A SUB FUND O	3,86,971	0.94	01.04.2015					
				31.07.2015	12,110	Transfer	3,99,081	0.97	
				07.08.2015	3,461	Transfer	4,02,542	0.98	
				21.08.2015	12,109	Transfer	4,14,651	1.01	
				28.08.2015	9,557	Transfer	4,24,208	1.03	
				11.09.2015	36,051	Transfer	4,60,259	1.12	
				18.09.2015	7,803	Transfer	4,68,062	1.12	
				18.12.2015	2,401	Transfer	4,70,463	1.15	
				15.01.2016	4,466	Transfer	4,74,929	1.16	
				22.01.2016	15,972	Transfer	4,90,901	1.20	
				29.01.2016	45,954	Transfer	5,36,855	1.31	
				05.02.2016	6,535	Transfer	5,43,390	1.32	
				19.02.2016	2,300	Transfer	5,45,690	1.33	
				26.02.2016	213	Transfer	5,45,903	1.33	
		04.03.2016	1,78,029	Transfer	7,23,932	1.76			
		11.03.2016	41,510	Transfer	7,65,442	1.87			
		<b>7,65,442</b>	<b>1.87</b>	<b>31.03.2016</b>					
10	AMUNDI FUNDS A/C AMUNDI FUNDS - EQUITY INDIA	3,00,000	0.73	01.04.2015					
				10.07.2015	(2,25,100)	Transfer	74,900	0.18	
				17.07.2015	(74,900)	Transfer	0	0.00	
		<b>0</b>	<b>0.00</b>	<b>31.03.2016*</b>					
* Ceased to be in the list of Top 10 shareholders as on 31.03.2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2015.									
11	Hitesh Satish Chandra Doshi	2,68,028	0.65	01.04.2015					
				24.04.2015	2,000	Transfer	2,70,028	0.66	
				01.05.2015	1,684	Transfer	2,71,712	0.66	
				08.05.2015	21,535	Transfer	2,93,247	0.71	
				15.05.2015	53,737	Transfer	3,46,984	0.85	
				22.05.2015	42,000	Transfer	3,88,984	0.95	
				05.06.2015	718	Transfer	3,89,702	0.95	
				12.06.2015	40,000	Transfer	4,29,702	0.95	
				26.06.2015	25,000	Transfer	4,54,702	1.05	
				30.06.2015	(50,000)	Transfer	4,04,702	1.11	
		<b>4,04,702</b>	<b>0.99</b>	<b>31.03.2016*</b>				<b>0.99</b>	
* The shareholder was not in the list of Top 10 shareholders as on 01.04.15. The same is reflected above, since, the shareholder is one of Top 10 shareholders as on 31.03.2016.									

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning 01.04.2015/ end of the year 31.03.2016	% of total shares of the Company				No. of shares	% of total shares of the Company
12	NATIONAL WESTMINSTER BANK PLC AS DEPOSITARY OF FIRST STATE ASIA PACIFIC SUSTAINABILITY FUND A SUB FU	2,12,125	0.52	01.04.2015				
				31.07.2015	4,553	Transfer	2,16,678	0.53
				07.08.2015	1,301	Transfer	2,17,979	0.53
				21.08.2015	4,553	Transfer	2,22,532	0.54
				28.08.2015	3,593	Transfer	2,26,125	0.55
				11.09.2015	13,554	Transfer	2,39,679	0.59
				18.09.2015	2,934	Transfer	2,42,613	0.59
				18.12.2015	820	Transfer	2,43,433	0.59
				15.01.2016	1,680	Transfer	2,45,113	0.60
				22.01.2016	6,011	Transfer	2,51,124	0.61
				29.01.2016	17,293	Transfer	2,68,417	0.65
				05.02.2016	2,459	Transfer	2,70,876	0.66
				19.02.2016	866	Transfer	2,71,742	0.66
				26.02.2016	80	Transfer	2,71,822	0.66
		04.03.2016	66,994	Transfer	3,38,816	0.83		
		<b>3,38,816</b>	<b>0.83</b>	<b>31.03.2016*</b>				

\* The shareholder was not in the list of Top 10 shareholders as on 01.04.15. The same is reflected above since the shareholder is one of Top 10 shareholders as on 31.03.2016.

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning 01.04.2015 & end of the year 31.03.2016		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease			Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares	% of total shares of the Company	Date of transaction	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
1	Arun Kumar Nanda	1,31,064	0.32	01.04.2015	No Change	–	1,31,064	0.32
		1,31,064	0.32	31.03.2016	–	–	–	–
Note: Out of the total 131064 shares, 600 shares are jointly held by Ms. Neerja Nanda (Wife), first holder and Mr. Arun Nanda, second holder and 350 shares are jointly held by Mr. Uday Nanda (Son), first holder, Ms. Neerja Nanda (Wife), second holder and Mr. Arun Nanda, third holder. There is no change in the joint shareholding as aforesaid during the year.								
2	Dr. ANISH SHAH	0	0.00	01.04.2015	No Change	–	0	0.00
		0	0.00	31.03.2016		–		
3	ANITA ARJUNDAS	3,000	0.01	01.04.2015				
				30.10.2015	5,000	ESOP allotment	8,000	0.02
		8,000	0.02	31.03.2016		–		
4	PRAKASH GURUNATH HEBALKAR	5,000	0.01	01.04.2015	No Change	–	5,000	0.01
		5,000	0.01	31.03.2016		–		
5	SHAILESH V HARIBHAKTI	5,000	0.01	01.04.2015	No Change	–	5,000	0.01
		5,000	0.01	31.03.2016		–		

Sr. No.	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning 01.04.2015 & end of the year 31.03.2016		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease			Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares	% of total shares of the Company	Date of transaction	Increase/Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
6	ANIL HARISH (Resigned as Director w.e.f. 16th June, 2015)	7,000	0.02	01.04.2015	No Change	–	7,000	0.02
		7,000	0.02	31.03.2016				
Note: Out of the total 7,000 shares, 3,500 shares are jointly held by Mr. Adhiraj Harish (Son), first holder and Mr. Anil Harish, second holder and the balance 3,500 shares are jointly held by Ms. Rishika Harish (Daughter), first holder and Mr. Anil Harish, second holder. There is no change in these shareholding during the year.								
7	UDAY Y PHADKE (retired by rotation at the 16th AGM held on 31st July, 2015)	0	0.00	01.04.2015	No Change	–	0	0.00
		0	0.00	31.03.2016		–		
8	SANJIV KAPOOR	0	0.00	01.04.2015	No Change	–	0.00	0
		0	0.00	31.03.2016		–		
9	SUHAS GHANSHYAM KULKARNI	1,600	0.00	01.04.2015		–	2,800	0.00
				28.01.2016	1,200	ESOP allotment		
		2,800	0.00	31.03.2016		–		
10	JAYANTT BHALCHANDRA MANMADKAR	1,600	0.00	01.04.2015	No Change	–	1,600	0.00
		1,600	0.00	31.03.2016		–		

**I) INDEBTEDNESS**

Indebtedness of the Company including Interest outstanding/accrued but not due for payment

(₹ in crore)

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	500.00	–	–	500.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	29.75	–	–	29.75
<b>Total (i + ii + iii)</b>	<b>529.75</b>	–	–	529.75
<b>Change in Indebtedness during the financial year</b>				
• Addition	166.22	70.52	–	236.74
• Reduction	44.56	0.52	–	45.08
<b>Net Change</b>	<b>121.66</b>	<b>70.00</b>	–	191.66
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	621.47	70.00	–	691.47
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	29.94	–	–	29.94
<b>Total (i + ii + iii)</b>	<b>651.41</b>	<b>70.00</b>	–	<b>721.41</b>

**II) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ MANAGER	Total Amt
		Anita Arjundas	
1.	Gross salary	281.42	281.42
	a) Salary as per provisions contained in Section 17(1) of the Income- tax Act,1961	244.85	244.85
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	14.39	14.39
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option related perquisites	22.18	22.18
3.	Sweat Equity	–	–
4.	Commission	–	–
	– as % of profit	–	–
	– others, specify...	–	–
5.	Others, please specify	–	–
	<b>Total (A)</b>	<b>281.42</b>	<b>281.42</b>
	<b>Ceiling as per the Act</b>	<b>727.06</b>	<b>727.06</b>

**B. Remuneration of other directors:**

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Sanjiv Kapoor	Mr. Shailesh Haribhakti	Mr. Anil Harish	Dr. Prakash Hebalkar	
<b>1.</b>	<b>Independent Directors</b>					
	• Fee for attending board/committee meetings/ meetings of Independent Directors	11.90	13.50	2.60	8.10	36.10
	• Commission	10.00	10.00	2.50	10.00	32.50
	• Others, please specify	–	–	–	–	–
	<b>Total (1)</b>	<b>21.90</b>	<b>23.50</b>	<b>5.10</b>	<b>18.10</b>	<b>68.60</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>	<b>Mr. Arun Nanda</b>	<b>Mr. Uday Y Phadke</b>	<b>Dr. Anish Shah</b>	–	–
	• Fee for attending board/committee meetings	10.00	–	–	–	10.00
	• Commission	85.00	–	–	–	85.00
	• Others, please specify	–	–	–	–	–
	<b>Total (2)</b>	<b>95.00</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>95.00</b>
	<b>Total (B)=(1+2)</b>					<b>163.60</b>
	<b>Total (A)</b>					<b>281.42</b>
	<b>Total Managerial Remuneration</b>					<b>445.02</b>
	Overall Ceiling as per the Act					<b>2052.94</b>

**C. Remuneration to key managerial personnel other than MD/MANAGER/WTD**

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	–	103.76	77.14	180.90
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	93.10	76.74	169.84
	b) Value of perquisites u/s17(2) Income-tax Act, 1961	–	5.16	0.40	5.56
	c) Profits in lieu of salary under Section 17(3) Income tax Act, 1961	–	–	–	–
2.	Stock Option related perquisites	–	5.50	–	5.50
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	- as % of profit	–	–	–	–
	- others, specify...	–	–	–	–
5.	Others, please specify	–	–	–	–
	<b>Total</b>	–	<b>103.76</b>	<b>77.14</b>	<b>180.90</b>

**III) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act.	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
<b>A COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			NONE		
Punishment					
Compounding					

**For and on behalf of the Board,**

**Anita Arjundas**  
 Managing Director & CEO  
 DIN: 00243215  
 Mumbai, 10<sup>th</sup> June, 2016

**Shailesh Haribhakti**  
 Non-Executive Independent Director  
 DIN: 00007347  
 Mumbai, 10<sup>th</sup> June, 2016



## Management Discussion and Analysis

Mahindra Lifespace Developers Limited ('Mahindra Lifespaces' or 'the Company') is one of the leading real estate development companies in India. Over the years, the Company has created a reputation for itself by delivering an array of highly successful projects and establishing industry benchmarks in environment friendly and sustainable developments.

Mahindra Lifespaces, along with its subsidiary companies, is engaged in the development of residential projects and large format developments such as integrated cities and industrial clusters. This chapter presents an overview of the operational and financial performance of the Company during 2015-16 and its strategy for future growth.

### INTRODUCTION AND PERFORMANCE HIGHLIGHTS

Mahindra Lifespaces is one of the few real estate companies in India serving both consumer households and businesses through its two segments of operations – residential developments and large format integrated cities and industrial clusters. This continued to be the strategic direction in which the Company moved in 2015-16. Here are the key highlights of the Company's performance:

- In the residential segment, the Company sold over 1,000 residential units aggregating to 1.16 million square feet of saleable area in 2015-16 across its ongoing and newly launched projects, including projects of its subsidiary companies. The Company launched two new projects – 'Vivante' and 'Windchimes', marking its entry in the Bangalore market with the latter. In addition, fresh inventory in four of its existing projects was also launched during the year.
- Another important aspect of the Company's performance in the residential segment was the success it achieved on the execution front — in reducing the project life cycle i.e. time taken from procuring land to delivery of the projects. During 2015-16, the Company completed construction of 3.3 million square feet which is more than twice of what it had achieved in 2014-15. Equally important, it handed over around 820 residential units to its customers as compared to around 540 units in the previous year. This has been a direct result of building capability and scalable systems: improving pace of project execution with renewed focus on quality and safety, augmenting the customer relationship function and deployment of IT solutions. These have been discussed in greater detail in subsequent sections of the report.
- In the large format developments, the Company's subsidiary Mahindra World City Developers Limited ('MWCDL') signed a Joint Venture ('JV') agreement with Sumitomo Corporation, Japan to develop an industrial park in North Chennai on the NH-5 ('Chennai – Kolkata highway'). The first phase of the project of approximately 300 acres will be implemented by Mahindra Industrial Park Chennai Limited ('MIPCL'), a 60:40 JV between MWCDL and Sumitomo Corporation, respectively. The Company

is in the process of considering similar opportunities to create a network of industrial clusters in other upcoming industrial destinations.

- In its existing projects in the large format developments, there was a moderation in leasing activity – 28.66 acres in 2015-16 as compared to 68 acres in 2014-15 – partly because of the increase in the decision making cycle of customers. Within the segment, demand was better for businesses servicing the domestic market as compared to exports. Given this scenario, focus during the year was to unlock leasing potential in the domestic tariff area (DTA), where considerable progress was made during the year. Progress was also made to secure multi-product SEZ status at Mahindra World City, Jaipur, which is expected to improve the demand by broad-basing the target industries. These developments have been discussed in greater detail in the section on 'Operations'.

Despite the headwinds faced by the Company in its integrated cities business, it registered a creditable performance during 2015-16. Moreover, the financial performance of the Company over the previous year needs to be looked in the context of the land sale transaction, in respect of a delayed project in Mumbai, which contributed ₹ 268 crore to the total income and ₹ 245 crore to the profit before taxes (PBT) during 2014-15. The highlights of Mahindra Lifespaces' financial performance are given below:

- Consolidated Income of the Company in 2015-16 was ₹ 877 crore as compared to ₹ 1,148 crore in 2014-15. Excluding the impact of the land sale transaction mentioned above, consolidated total income for the year remained flat whereas the total income of the standalone entity registered an increase of 22 per cent during the year;
- Profit before taxes (PBT) of the consolidated entity stood at ₹ 147 crore in 2015-16 as compared to ₹ 421 crore in 2014-15. Excluding the impact of the land sale transaction, the consolidated PBT for the previous year was ₹ 176 crore;
- Profit after taxes and minority interest, of the consolidated entity was ₹ 93 crore in 2015-16 and diluted earnings per share (EPS) was ₹ 22.61;

In the remainder of the report, we will present the operational and financial performance of the Company, which is followed by a discussion on risks and concerns and the outlook for the future. We begin with an overview of the macroeconomic and industry environment.

### MARKETS AND OPPORTUNITIES

In a subdued global economic environment, India's macroeconomic performance remained stable in 2015-16. According to the advance estimates released by the Central Statistical Organisation (CSO), India's GDP growth is expected to be 7.6 per cent in 2015-16, marginally higher than 7.2 per cent recorded in the previous year.

An equally important aspect was the stability in retail inflation around the 5 per cent mark, which allowed the RBI to continue with its accommodative policy stance. However, the rate cuts to the tune of 100 basis points during the year did not translate into desired reduction in lending rates. Consequently, the improvements in business and consumer confidence during the year were weak. As far as the real estate industry is concerned, the overall performance continued to be subdued – housing prices, rents and offtake of housing loans continued to be sluggish during the year.

The Government has laid out a comprehensive plan to reinvigorate the rural economy, invest in social and physical infrastructure, and improve the environment for doing business. At the same time, focus on manufacturing sector and programmes such as affordable housing and smart cities are expected to benefit the real estate industry directly. Also, adhering to the path of fiscal consolidation is expected to keep the inflationary expectations in check, enabling the RBI to maintain its accommodative stance. These augur well for the macroeconomic environment in the near term.

### Residential Development

During 2015-16, the demand situation in the residential development space remained muted. Among the markets where the Company operates, Delhi-NCR market was the most affected in terms of both absorption and prices. Demand was also weak in Mumbai and Chennai, but the pricing pressure was less pronounced in these markets. In comparison, the demand situation was better in Bangalore, Pune and Hyderabad. The situation resulted in changes in product-mix on offer in these markets — units with fewer rooms and smaller area — to make it attractive for potential home buyers to enter the market. At the same time, there was a clear premium commanded by branded real estate players in the organised sector, who found it relatively easier to sell in the current environment.

Mahindra Lifespaces, too, benefited in this respect. The 'Mahindra' brand – a name associated with honesty, transparency, fairness and trust – coupled with its track record of executing projects in time as well as its reputation as a professionally managed real estate player helped the Company gain market share in the micro markets that it operates in. At the same time, completion of the first phase of its affordable housing project, 'Happinest' Avadi at Chennai, in just 20 months from launch has vindicated the business model, which relies on faster turnaround as a key element of competitive advantage in the segment.

As far as growth opportunities for the immediate future are concerned, the Company will continue to focus on cities such as Mumbai, Pune, Bangalore, NCR, Chennai and Hyderabad. In terms of market segments, the Company will continue to concentrate on its core strengths, even as it gears up to expand its presence in the affordable housing space.

### Large Format Integrated Cities & Industrial Clusters

The market for industrial land remained subdued during the year. The sluggishness was more pronounced in the

Special Economic Zone ('SEZ') as compared to demand from businesses servicing the domestic market, which evinced greater interest from potential buyers.

The government's ('Make in India') initiative and focus on smart cities is a favourable development for growth opportunities in this segment. Given the interest from businesses aimed at servicing the domestic market, the Company is in the process of expanding the domestic traffic area ('DTA') in its Jaipur project through area re-allocation.

In the near term, this will allow the Company to release additional saleable inventory in the segments where the demand situation is more stable in comparison. At the same time, focus will be on the sales and marketing efforts to benefit from the opportunities presented by the government's manufacturing push as well as gradual turnaround in the macroeconomic situation.

In terms of its long-term strategy, the Company is actively considering upcoming industrial destinations to diversify its portfolio and create a network of smaller industrial clusters. The first such industrial park, spread over 300 acres is being planned in North Chennai on the NH-5 ('Chennai – Kolkata highway'). This project will be implemented by Mahindra Industrial Park Chennai Limited ('MIPCL'), a 60:40 JV between the Company's subsidiary Mahindra World City Developers Limited ('MWCDL') and Sumitomo Corporation, Japan, respectively.

## OPERATIONS

### Residential Development

Mahindra Lifespaces' residential business has its presence across the value chain of real estate development that covers identifying a suitable piece of land, conducting thorough due-diligence on its title and development potential, acquiring the land, product conceptualisation and design management, obtaining requisite statutory approvals, project management and quality assurance. The Company also undertakes the project's branding, marketing and sales while ensuring timely delivery and upkeep of the property until it is handed over to the society of home owners. During the year, Mahindra Lifespaces won the Mint-Institute for Competitiveness – 'Strategy Award' in the Construction, Real Estate and Steel Segment.

As of 31<sup>st</sup> March 2016, the Company along with its subsidiaries has completed projects covering 12.19 million square feet in the residential segment. It is currently developing 3.94 million square feet (Ongoing). Besides, another 5.51 million square feet are available in the form of new phases of ongoing projects or fresh projects that are at different stages of planning and will be launched in the near future (Forthcoming). A snapshot of the Company and its subsidiaries' project portfolio is presented below.

**Table 1: Projects Snapshot 2015-16 (million square feet estimated saleable area as of 31<sup>st</sup> March, 2016)**

Location	Completed#	Ongoing	Forthcoming
Chennai*	3.19	0.53	1.50
Mumbai	2.81	0.58	1.82

Location	Completed#	Ongoing	Forthcoming
Pune	2.08	0.63	0.87
NCR	3.04	0.78	0.33
Nagpur	0.41	0.56	0.56
Hyderabad	0.66	0.42	–
Bangalore	–	0.44	0.43
<b>TOTAL</b>	<b>12.19</b>	<b>3.94</b>	<b>5.51</b>

# Does not include selected projects that were completed by GESCO

\* Includes residential developments in MWC Chennai

### Completed and Ongoing Projects

During 2015-16, the Company launched two new projects, including its first project in Bengaluru. In addition, fresh inventory in 4 of its existing projects was also launched during the year. Construction activity was also completed in different phases of 8 of its projects. The total completed area during the year was 3.3 million square feet as compared to 1.22 million square feet in 2014-15. The Company also handed over around 820 units to its customers during the year. The project-wise details are provided below.

**‘Aquality’** is a premium project within Mahindra World City, Chennai. This project is being implemented by Mahindra Residential Developers Limited, a subsidiary of the Company. Spread across 55 acres of land, the project offers villas and apartments covering an estimated saleable area of 1.57 million square feet, of which 1.39 million square feet has been launched in multiple phases. During 2015-16, construction activity was completed in Phase 2C1 and progressed as per schedule in Phase 2C2. Besides, handing over of units took place in Phase 2B, which was completed in the previous year. 73 per cent of the total units launched in this project have been sold upto March 2016.

**‘Iris Court’** located in Mahindra World City, Chennai, is spread over 18 acres with an estimated saleable area of 0.86 million square feet. This project is being implemented by Mahindra Integrated Township Limited, a subsidiary of the Company. During 2015-16, construction activity was completed for the final phase of the project (IIB). Handing over of units for this phase will take place in 2016-17. Handing over of a large number of units took place in all phases completed in the previous year (II & IIIA). 95 per cent of the total units launched in this project have been sold upto March 2016.

**‘Nova’** in Mahindra World City, Chennai is spread over 7.26 acres with an estimated saleable area of 0.54 million square feet. This project is being implemented by Mahindra Integrated Township Limited, a subsidiary of the Company. During the year, construction work was completed in Phase I and is progressing as per schedule in the second and final phase, which was launched towards the end of the previous year. Handing over of units for Phase I will take place in 2016-17. 61 per cent of the total units launched in this project have been sold upto March 2016.

**‘Aura’** in Gurgaon, National Capital Region, is spread over 17 acres and has an estimated saleable area of 1.39 million square feet. During 2015-16, construction of the final two phases of the project (IV and V) was completed. Handing

over of units to customers was also completed in Phase I and Phase II, and is progressing in the next two phases (III and IV). For the final phase (V), handing over of units is expected to start in 2016-17. 96 per cent of the total units launched in this project have been sold upto March 2016.

**‘Luminare’** in Gurgaon, is the Company’s first project in the luxury homes segment in the National Capital Region. It is spread across 6.8 acres, with an estimated saleable area of 1.14 million square feet, and has received Gold Rating Pre-certification from IGBC Green Homes. The project is being implemented in collaboration with the developer and the land owners by Mahindra Homes Private Limited which is a 50:50 JV with SCM Real Estate (Singapore) Private Limited. The second phase of the project comprising 120 units was launched during the year. Construction is progressing as per schedule in the two phases launched so far. 36 per cent of the total units launched in this project have been sold upto March 2016.

**‘Bloomdale’** in Nagpur, Maharashtra, is conceived as a gated community spanning over 25.2 acres and has an estimated saleable area of 1.55 million square feet, offering a choice of low-rise apartments, row houses and duplex homes. It is being implemented by Mahindra Bebanco Developers Limited (‘MBDL’), a subsidiary of the Company which is a 70:30 JV with B.E. Billimoria & Co. Ltd. During 2015-16, the Company launched a new phase ‘IIIA’, taking the total saleable area launched to 0.97 million square feet. Construction activity was completed for the first phase of the project ‘IA, IB and IC’, during the year and is progressing well in the remaining phases. Handing over of units in the first phase will take place in 2016-17. 83 per cent of the total units launched in this project have been sold upto March 2016.

**‘Antheia’** in Pimpri, Pune, is spread over 16 acres with an estimated saleable area of 1.60 million square feet. During the year, the Company completed construction of Phase I of the project comprising 512 units, which is expected to be handed over to customers in 2016-17. Including Phase II C, which was launched during the year, the total saleable area launched under the project is 1.07 million square feet. Construction of Phase II of the project, where 49 per cent of the total units have been sold upto March 2016, is progressing as per schedule. 75 per cent of the total units launched in this project have been sold upto March 2016.

**‘L’Artista’** in Pune is a luxury project located in the heart of the city, which offers spacious three and four bedroom flats with ultra-modern amenities and common spaces amidst green surroundings. It has received Gold Rating Pre-certification from IGBC Green Homes. Out of the total estimated saleable area of around 0.09 million square feet, the Company’s share in the project is an estimated saleable area of around 0.06 million square feet. The construction activity is progressing as per schedule.

**‘Ashvita’** in Kukatpally, Hyderabad, is spread over 9.28 acres with an estimated saleable area of 1.1 million square feet. The project is being developed in the joint development format with the Company’s share at 80 per cent and the land

owners' share at 20 per cent. During the year, construction activity was completed for the first three phases of the project (Phase I, II & III). In the final two phases (IV & V), which were launched during the previous year, construction is in progress as per schedule. 74 per cent of the total saleable units in the Company's share of 80 per cent, have been sold as of March 2016.

'**Vivante**' in Andheri, Mumbai, is the Company's premium residential project, which was launched during 2015-16. This centrally located project offers a wide range of amenities, and is built on the Company's philosophy of sustainable urbanisation, for which it has received Platinum Rating Pre-certification from IGBC Green Homes. It is spread across 2.9 acres with an estimated saleable area of 0.37 million square feet. Out of the 104 units launched in the first phase, 66 per cent have been sold as of March 2016.

'**The Serenes**' in Alibaug, Mumbai, is conceived as a weekend home project. Spread across 11.8 acres of land just 0.7 kilometres away from the beach, the project will offer 3 and 4 BHK patio and courtyard villas in a gated community with club and common amenities. It has received Platinum Rating Pre-certification from IGBC Green Homes. The project will offer 47 villas with an estimated saleable area of 0.16 million square feet. Construction is on for the first phase of the project, which comprises 20 villas with a saleable area of 0.06 million square feet. 45 per cent of the total units launched in this project have been sold upto March 2016.

'**Windchimes**', Bangalore, is the first residential development of the Company in the city. Located on Bannerghata Road, the project is being implemented by Mahindra Homes Private Limited which is a 50:50 JV with SCM Real Estate (Singapore) Private Limited. Spread across 5.8 acres and an estimated saleable area of 0.87 million square feet, the project offers luxurious 3-4 BHK apartments with all modern amenities amidst a green surrounding. During the year, the Company launched the first two phases (I & II) of the project, comprising 229 apartments with a total saleable area of 0.44 million square feet. 54 per cent of the total units launched in this project have been sold upto March 2016. Construction is progressing as per schedule in both phases.

'**Happinest Avadi**' near Chennai is the first pilot project of the Company in the affordable housing segment. Spread across 13.22 acres with an estimated saleable area of 0.73 million square feet, the project has 1BHK and 2BHK apartments, ranging from 396 square feet to 677 square feet. During 2015-16, the Company launched the second phase of the project which has 176 units. The first phase of the project comprising 604 units was also completed during the year, and will be handed over to customers in 2016-17. 61 per cent of the total units launched in this project have been sold upto March 2016.

'**Happinest Boisar**' near Mumbai is the Company's second project in affordable housing segment. Spread across 14.66 acres with an estimated saleable area of 0.52 million square feet, the project will have 1RK, 1BHK and 2BHK apartments ranging from 351 square feet to 675 square feet. Construction is progressing as per schedule in the first two phases of the

project comprising 597 units with an estimated saleable area of 0.33 million square feet. 95 per cent of total units in Phase I and 74 per cent of the total units in Phase II have been sold as of March 2016.

### New Projects

The Company is in various stages of planning new residential developments – projects for which design development or approvals are underway:

- **Kandivili, Mumbai:** This will be a premium residential development with an estimated saleable area of 0.10 million square feet.
- **Sakinaka, Mumbai:** This will be a mid segment residential development with an estimated saleable area of 0.34 million square feet.
- **Palghar, Mumbai Metropolitan Region:** This will be the Company's third affordable housing project with an estimated saleable area of 0.89 million square feet.

Besides these, the Company is in early stages of planning for residential projects in its existing land at Pune (4.5 acres) and Chennai (9.33 acres). It has an additional landbank of around 11.04 million square feet of estimated development potential across locations, 86% of which within Mahindra World City, Chennai

### Large Format Integrated Cities & Industrial Clusters

Mahindra Lifespaces is the first company in the private sector to have successfully developed an integrated business city in India – 'Mahindra World City', Chennai. This is also the first operational Special Economic Zone 'SEZ' from the corporate sector. Besides this project, the Company has another operational project in this segment in Rajasthan – 'Mahindra World City', Jaipur – and is planning another 300 acre industrial park in North Chennai in joint venture with Sumitomo Corporation, Japan.

### Mahindra World City, Chennai

Mahindra World City, Chennai, is implemented by Mahindra World City Developers Limited (MWCDL), an 89:11 joint venture between the Company and the Tamil Nadu Industrial Development Corporation Limited (TIDCO), respectively. It is the first township in India to receive Green Township Certification (Stage I Gold certification) from IGBC. During the year, Mahindra World City, Chennai was adjudged winner in the category of Best Township (more than 200 acres in size) at the NDTV Property Awards 2015.

Mahindra World City, Chennai, currently has three sector specific Special Economic Zones (SEZs) – IT (services and manufacturing), Apparel and Fashion Accessories and Auto Ancillaries, and a Domestic Tariff Area (DTA) for businesses catering to the Indian market. Integrated to the business zone is a Residential and Social Infrastructure zone.

At the end of 2015-16, the project had a total area of 1,524 acres. It has 64 Industrial Customers, of which 27 are in the SEZ and 37 are in the DTA. Including one company which started operations

during the year, 51 companies operate out of Mahindra World City, Chennai. Direct employment in the business city increased during the year to around 38,000 persons. Exports crossed ₹ 6,875 crore in the 9 months between April to December, 2015 as against ₹ 7,800 during 2014-15.

Mahindra World City, Chennai, has allocated 289 acres for the development of residential and social infrastructure that will eventually cater to the requirements of over 7,000 families. The city has three operational residential projects. Occupancy during the year increased from around 500 families to 700 families. This is expected to increase significantly, with completion and handover of around 500 units in 2016-17. Further, details of the current residential projects have already been provided in the previous section on Residential developments.

On the retail and social infrastructure, considerable progress was made during the year. 'The Canopy' – the city's commercial centre, added a variety of service providers, enhancing the convenience and quality of life of its residents. The MWC Club, which was inaugurated in March 2015, was well received by the community. The Club also received Gold certification under IGBC LEED India Rating System. JSP Hospitals, which started functioning in the previous year, expanded its range of services during 2015-16 to include 24x7 services. The construction of Phase I of the hostel for working professionals with 200 rooms by a third party developer cum operator, progressed well and is nearly complete. Also, Mahindra World School has taken up plans to expand its operations by an additional section from LKG to Class XII. During the year, the School received Platinum rating from the IGBC.

In another development, the post office at Mahindra World City, Chennai, was upgraded to a delivery post office and exclusively serves the companies and residential communities. It has its own pin code, and has the distinction of being the first all-women delivery post office in the Chennai circle.

On the sustainability front, Mahindra World City, Chennai, has taken initiatives to maximise the use of grey water. During the year, a bio-gas plant was installed to fully utilise food waste and convert the same to CNG for running internal shuttles and tractors. The city continued to build on its community development and engagement initiatives during the year. This included fresh editions of its flagship programmes: the marathon run in aid of 'Nanhi Kali' which had over 1,200 participants, 'Champions Trophy' an inter-company sports tournament with 40 teams, 'Mindquest' – the annual MWC quiz competition with over 70 teams and 'Courtyard Performances', which featured street theatre and other forms of performing arts. These were received well by the participants and residents.

### **Mahindra World City, Jaipur**

Mahindra World City, Jaipur, which is being implemented by Mahindra World City (Jaipur) Limited (MWCJL), is a 74:26 joint venture between Mahindra Lifespaces and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), a Government of Rajasthan enterprise, respectively. It is proposed to be developed as a multi-product Special

Economic Zone and a Domestic Tariff Area across 3,000 acres, of which 2,949 acres have already been acquired.

During 2015-16, even as the prices remained firm, demand was subdued, especially in the SEZ, the total land leased out during the year was 28.66 acres, which includes companies across diverse industry segments. The company added four new customers, and three existing customers leased additional land. At the end of the year, the Company had 69 customers in its industrial zones – 25 in DTA and 44 in SEZ.

Seven companies started their development activities during the year and are expected to become operational in the near future. Nine new companies became operational in the city during 2015-16, taking the total number of operational companies to 33. These companies have created direct employment for over 8,000 people. Exports by clients during the year stood at ₹ 1,128 crore.

The Company has installed a 210 KW solar power plant in 'Evolve' – the multi-tenanted IT Park which is spread over approximately 25 acres. This plant is generating 20,000 units of power per month since February 2016, which is being utilised by MWC, Jaipur and customers in 'Evolve'. During the year, MWC, Jaipur, reached the prestigious Stage 2 Certification for C40 Climate Positive Development Program, in recognition of plans and commitment to achieve net negative carbon emissions outcome. It is Asia's first and world's largest project to achieve this distinction.

Going forward, the focus will continue to be sale of industrial land in the project. To achieve this, the Company is in the process of expanding its DTA by 500 acres through area re-allocation, for which it has already secured the product-mix approval from the government. Master planning for this phase is currently in progress, after which it will be submitted for final approvals before it is launched. At the same time, it is working on enabling the multi-product SEZ to benefit from emerging opportunities in other industries. Apart from this, the Company has initiated economic land use planning for the residential and social infrastructure area, which will enable development of the same as the project matures.

### **Mahindra Industrial Park, Chennai**

Mahindra Industrial Park Chennai Limited (MIPCL) was established as a subsidiary of MWCDL in 2014-15. In May 2015, MWCDL signed a JV agreement with Sumitomo Corporation, Japan to develop an industrial park in North Chennai on the NH-5 (Chennai – Kolkata highway). This Project will be implemented by Mahindra Industrial Park Chennai Limited (MIPCL), a 60:40 JV between the Company's subsidiary Mahindra World City Developers Limited (MWCDL) and Sumitomo Corporation, Japan, respectively. A state support agreement was signed with the Government of Tamil Nadu in September, 2015 at the Global Investors Meet (GIM) to provide facilitation support to the project.

The location of the project is in close proximity to Ponneri, one of the cities in Tamil Nadu shortlisted for smart cities. It

is situated in the influence zone of the Chennai – Bangalore Industrial Corridor (CBIC) and Chennai – Vizag Industrial Corridor (CVIC). The first phase of the project comprises of approximately 300 acres. MIPCL is currently in the process of planning and securing necessary approvals, which will be followed by infrastructure development and related works.

### **CUSTOMER RELATIONS (CR)**

The Customer Relations (CR) function at Mahindra Lifespaces endeavours to service the customers through their entire lifecycle – right from the time of booking to the handover of the property. During 2015-16, focus was on implementing processes aimed at achieving differentiation in terms of the Company's core philosophy of customer centricity. Some of these were:

- Stringent service interaction standards with clear audit parameters to measure performance in terms of both turnaround time as well as quality;
- Robust on-boarding templates for training new hires and providing them with knowledge base and support;
- Continuous training to upgrade technical knowledge and enhance service levels;

In our last year's report, we had reported on the plans to improve the handover experience. This is especially important as the Company gears-up for a substantial increase in the number of handovers. Several such initiatives were implemented during the year:

- Defined standards in important areas of pre-handover preparedness such as documentation, minimum readiness, personnel and resource budgeting;
- Improved communication to customers on handover timelines, processes and livability;
- Detailed 'Resident Assist Manual' for customers to enable a smoother transition and enhanced post-handover experience.

Going forward, the focus will be on further streamlining CR processes, increase capabilities and at the same time use best in class technology solutions to upgrade the customer's experience. Towards this end, the Company is in advanced stages of implementing an IT solution which enables a single view of the customer, right from the prospecting stage to post-handover. This is expected to be operational in 2016-17.

### **INTEGRATED MANAGEMENT SYSTEM (IMS)**

Mahindra Lifespaces has embraced an Integrated Management System covering three International Standards – ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) for both its business segments.

The main thrust of this approach is to build and institutionalise project execution capabilities through scalable systems and processes that aid in timely delivery, quality of product and

safety during construction, with the ultimate goal of adding value to our customers.

### **QUALITY**

Mahindra Lifespaces has adopted the principles of Total Quality Management (TQM) under the banner of 'The Mahindra Way' (TMW) – the Mahindra Group's integrated approach to promote excellence in all spheres of its operations. During 2015-16, the Integrated Cities business moved one step ahead from Level 3 to Level 4, whereas the Residential business maintained its position at Level 4.

The Company's strong quality management system, has been instrumental in improving the quality of its products and processes, and at the same time enhancing the productivity of its operations to make them more competitive. In 2015-16, the focus was on delivering a 'Zero-Snag Product' to customers. Key initiatives included:

- Standardisation of designs, construction technologies, waterproofing methodologies and other critical items in bill of quantities and tender documents;
- Introduction of mock-up for each construction activity to ensure they are performed right the first time, improving the quality as well as the speed of construction;
- Weekly on-site quality reviews by the project and contractors' teams, followed by quality circle meetings for quicker resolution of challenges;
- Implementation of a multi-check handing over process for units across all projects.

To institutionalise a culture of quality and continuous improvement throughout the organisation, the Company has identified business excellence champions, who encourage and guide all employees to undertake improvement projects in their respective areas. The best projects are recognised and awarded.

During the year, the Company tied up with certified training agencies to carry out skill upgradation programs for workers of its contractors with primary focus on improving the quality of product finish. This contractor is scheduled to commence in 2016-17.

### **SAFETY**

Since 2009, the Company has an established 'Safety Policy' which underscores its commitment to take measures to prevent accidental injuries and occupational ill health of all employees and associates working at its offices and project sites. During the year, the Company implemented several initiatives to sensitise workers on safety and achieve its ultimate goal of "zero tolerance to accidents".

The Company had launched "Safe Methods and Risk Reduction Techniques" (SMARRT) in the previous year, which implements international best practices and aims to eliminate unsafe acts and conditions by proactive and immediate reporting of such incidents. Significant progress was made on this front during 2015-16. Training programs were organised

on risk mitigation, roles and responsibility, technical, legal and statutory requirements. SMARRT has evolved to a level where it is crafting great trainers and risk managers at the operatives' level.

In recognition of its efforts, Mahindra Lifespaces received the 'CIDC Vishwakarma Award' for 'Health, Safety & Environment' by Construction Industry Development Council (CIDC) established by Planning Commission, Government of India, and the Construction Industry. The Company also received 'Shreshtha Suraksha Puraskar' (runner-up) for 'Best Safety Practices in the Construction Industries Group' by National Safety Council – Maharashtra Chapter & Directorate Industrial Safety and Health, Government of Maharashtra.

The Company is planning to use a user friendly software for Environment, Health & Safety, which will incorporate all permits and check lists related to safety processes, providing real-time information on their implementation and reducing paperwork by as much as 95 per cent. This software is expected to be rolled-out in 2016-17.

### **SUSTAINABLE DEVELOPMENT**

Mahindra Lifespaces has been at the forefront of the real estate industry in India to achieve the mission of 'Transforming urban landscapes by creating sustainable communities'. The Company has done this by putting sustainability as a core agenda for the Company.

The Company was awarded the "Investor Relations Society Awards 2015" for the Best Environment, Social & Governance (ESG) Disclosures in Small Cap category.

The details of the Company's approach towards sustainability are covered in the Sustainability Report at Pages 169 to 180 of this Annual Report.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Mahindra Lifespaces' guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare. The Company, in every financial year commencing from 1<sup>st</sup> April, 2014, in line with the new Companies Act, 2013, pledges to spend, two per cent of the average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

The Company has formulated a CSR Policy which lays out the vision, objectives and implementation mechanisms. The Board of Directors of the Company has constituted a Committee of Directors on CSR. The Company's CSR activities have traditionally focussed on education, skill development, health, environment and promoting sustainable practices.

Of the total budget of ₹ 377.26 lakh for FY 2015-16, the Company had earmarked an amount of ₹ 132.73 lakh towards contribution as corpus by the Company to support the establishment of a Centre of Excellence (CoE) for Sustainable Habitats by TERI with the objective of improving energy efficiency in India's residential buildings sector. The discussion

and requisite documentation with TERI, although was at an advanced stage, could not be completed by 31<sup>st</sup> March, 2016. As a result, the amount of ₹ 132.73 lakh which was earmarked for aforesaid contribution remained unspent as on 31<sup>st</sup> March, 2016. The Board has approved that any unspent amount, out of the minimum required CSR expenditure of the FY 2015-16 be carried forward to the next year provided that the carried forward amount shall be over and above the next year's CSR allocation equivalent to atleast 2% of the average net profit of the Company of the immediately preceding three years.

Details of the Company's approach towards CSR are covered in the Sustainability Report at Pages 169 to 180 of this Annual Report.

### **HUMAN RESOURCES**

Mahindra Lifespaces recognises that its people are the key to the success of the organisation and in meeting its aspirations. During the year, the Company continued its efforts to strengthen its HR policies and processes to attract and retain the best talent in the industry.

In pursuit of attracting the best talent available both from within and outside the sector, the Company has undertaken various initiatives linked to higher visibility in social media, referral schemes, internal job posting and partnering in excellence programmes where consultants fine tune their approach in talent identification. To achieve this, the Company built relationships with specialised institutions in the construction industry such as National Institute of Construction Management and Research and RICS School of Built Environment for entry level positions in project management and sales.

Catering to the learning and development needs of its employees continues to be a key focus area for the Company. It regularly carries out structured training initiatives in the key functional areas such as sales and marketing, customer service and project management to meet the requirements of its employees. During the year, the Company carried out specialised programme on project management in collaboration with RICS.

As a part of its flagship programme 'My Customer, My Valentine', which aims to make the organisation more customer centric, several initiatives were carried out to engage employees and reward customer centric behaviour. The Company carries out two employee engagement surveys every year namely MCARES for internal benchmarking within the Group and the Great Place to Work survey for external benchmarking. Both surveys showed a significant improvement in employee engagement levels during the year. In particular, the 'Great Place to Work' survey rated Mahindra Lifespaces among the 'Top 5 in the Industry'.

Mahindra Lifespaces endeavours to keep its workplaces safe, transparent and friendly for people to work in. It has a 'Diversity Council' with the objective of creating an inclusive environment to leverage the unique talents of diverse individuals in the workplace. Its gender diversity as of 31<sup>st</sup> March, 2016 was 20 per cent. It also has a policy which is aligned to the Act

on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

As of 31<sup>st</sup> March, 2016, the Company had 350 employees and its subsidiary companies had 67 employees on its roll. Employee relations remained cordial during the year.

### INFORMATION TECHNOLOGY (IT)

Mahindra Lifespaces sees IT not just as a tool for increasing efficiency, but also as an important source of competitive advantage. The Company has consistently invested significant resources in developing a strong IT and communication infrastructure which encompasses all key business and administrative functions as well as project sites.

The Company's IT infrastructure includes a SAP ERP for its core and peripheral business functions, primary and disaster recovery data centres, best-in-class communication and productivity tools, and access to specialised industry-specific software.

During 2015-16, the Company implemented several initiatives leveraging its IT infrastructure to improve efficiencies and optimise costs:

- SAP document management system which includes digitisation of physical documents and automatic storage of system generated documents;
- Enabling e-commerce transactions by online blocking of inventory; online payment facility for customers through internet banking, credit and debit cards;
- Strengthening the HR module: online test for talent acquisition, automation of LTA and medical claims, and learning management solution;
- Supplier relationship management portal covering registration, online tendering and contract award and payments;
- Risk management system.

The Company is at advanced stages of implementing two major systems in the areas of Customer Relations, and Environment, Health and Safety. These have already been discussed in the respective sections of the report.

### FINANCIALS

Table 2 presents the abridged profit and loss statement of Mahindra Lifespace Developers Limited as a standalone and consolidated entity.

**Table 2: Abridged Profit and Loss Statement**

(₹ in crore)

	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Operating Income	502.97	624.01	826.16	1086.09

Other Income	97.18	136.02	51.24	61.46
<b>Total Income</b>	<b>600.15</b>	<b>760.04</b>	<b>877.43</b>	<b>1147.56</b>
Project and Operating Expenses	345.75	298.94	502.17	501.27
Employee and Other Expenses	85.93	98.82	157.62	160.64
Financial Expenses	22.59	21.82	50.90	51.39
Depreciation	4.14	2.74	19.29	13.23
<b>Total Expenditure</b>	<b>458.41</b>	<b>421.33</b>	<b>729.98</b>	<b>726.54</b>
PBDIT	168.47	362.26	217.64	485.65
PBDT	145.88	340.45	166.74	434.25
PBIT	164.33	359.53	198.35	472.42
PBT	141.74	337.71	147.45	421.02
Tax	37.25	104.41	50.34	137.77
<b>PAT</b>	<b>104.49</b>	<b>233.30</b>	<b>97.11</b>	<b>283.25</b>
Minority Interest	-	-	4.02	17.05
<b>PAT (After Minority Interest)</b>	<b>104.49</b>	<b>233.30</b>	<b>93.09</b>	<b>266.20</b>
<b>Diluted EPS (₹)</b>	<b>25.38</b>	<b>56.70</b>	<b>22.61</b>	<b>64.70</b>

Mahindra Lifespaces registered a creditable financial performance during 2015-16, despite a subdued performance of its integrated cities and industrial clusters segment. Moreover, the financial performance of the Company over the previous year needs to be looked in the context of the land sale transaction, in respect of a delayed project in Mumbai, which contributed ₹ 268 crore to the total income and ₹ 245 crore to the profit before taxes (PBT) during 2014-15. Key metrics of financial performance ignoring this transaction in 2014-15 is presented in Table 3.

**Table 3: Comparative Performance Ignoring Land Sale Transaction in 2014-15**

(₹ in crore)

	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Total Income	600.15	491.91	877.43	879.42
Total Expenditure	458.41	399.40	729.98	703.61
PBT	141.74	92.51	147.45	175.82

Consolidated Income of the Company was ₹ 877 crore in 2015-16 as compared to ₹ 1,148 crore in 2014-15. Excluding the impact of the land sale transaction, consolidated total income for the year remained practically unchanged whereas the total income of the standalone entity registered an increase of 22 per cent, from ₹ 492 crore in 2014-15 to ₹ 600 crore 2015-16.



Most of the increase in expenditure was due to higher project and operating expenses on account of greater project activity during the year. Employee and finance related costs remained stable during the year.

Profit before taxes (PBT) of the consolidated entity stood at Regular 147 crore in 2015-16 as compared to ₹ 421 crore in 2014-15. Excluding the impact of the land sale transaction, the consolidated PBT for the previous year was ₹ 176 crore. The PBT for the standalone entity (Table 3) increased by 53 per cent from ₹ 92.7 crore in 2014-15 to ₹ 142 crore in 2015-16.

Net profit (PAT) of the standalone entity was ₹ 104.5 crore in 2015-16. After accounting for minority interest, the consolidated PAT of the Company was ₹ 93 crore during the year. As a result, diluted EPS during the year was ₹ 25.38 and ₹ 22.61 for the standalone and consolidated entities respectively.

As of 31<sup>st</sup> March, 2016, Mahindra Lifespaces has standalone debt equity ratio of 0.49:1 and consolidated debt equity ratio of 1.15:1. The liquidity situation of the Company during the year remained comfortable and surplus funds generated during the year have been invested in credit worthy instruments, including money market instruments, mutual funds and deposits with banks.

### **THREATS, RISKS AND CONCERNS**

Mahindra Lifespaces has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Mahindra Lifespaces has constituted a "Risk Management Committee" consisting of two Directors and the Chief Financial Officer, for monitoring and reviewing of the risk assessment, mitigation and risk management plan from time to time. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

### **ECONOMIC RISKS**

Even as the RBI has reduced the policy rates, this has not resulted in desired reduction in interest rates for home loans. This can have a direct impact on the performance of the real estate sector and the Company. Secondly, even as there are signs of revival in the advanced economies, it is yet to translate into investment outlays in Indian businesses, especially those in export oriented industries.

Mahindra Lifespaces is conscious of these risks and is taking measures to mitigate them. For instance, the Company's focus on both residential and integrated developments has been a significant source of comfort during periods of subdued economic performance. Besides, the Company's prudent financial management has also kept it relatively insulated from the economic downturn and the Company is well placed to raise capital at competitive rates.

### **OPERATIONAL RISKS**

Key operational risks faced by the Company include longer gestation period for procurement of land, time taken for approvals, inability to sell the project as per plan, inability

to complete and deliver projects according to the schedule leading to additional cost of construction and maintenance, erosion of brand value, appointment and retention of quality contractors, inability to attract and retain talent, poor customer satisfaction, fraud and unethical practices, failure to comply with laws and regulations leading to fines, penalties and lengthy litigations.

The Company addresses these issues within a well-structured framework which identifies desired controls and assigns ownership to monitor and mitigate risks. The Company has also invested significant resources in an Enterprise Resource Planning (ERP) solution and transparent customer friendly processes, which are expected to go a long way to address some of these risks. The Company also has a Code of Conduct for all its Employees. The Company's Corporate Governance policies ensure transparency in operations, timely disclosures and adherence to regulatory compliances, leading to enhanced stakeholder value.

### **POLICY AND REGULATORY RISKS**

The real estate industry is easily affected by changes in government policies and regulations. There are considerable procedural delays with respect to approvals related to acquisition and use of land. This problem is accentuated as this is an industry which has traditionally been quite unorganised.

The Company, with its approach towards acquisition of land based on thorough due diligence and its transparent processes in developing the projects, has effectively mitigated these risks. For instance, the Company is already in compliance with provisions of the Real Estate (Regulation & Development) Act, 2016 related to prior approvals before the launch of its projects. Besides, its focus on environment friendly and sustainable practices also help in mitigating risks associated with environmental regulations.

### **INTERNAL CONTROLS**

The Company has adequate internal control systems, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance including an ERP solution, all of which are aimed at ensuring business integrity and promoting operational efficiency.

An independent internal audit firm appointed by the Company conducts periodical audits to ensure adequacy of internal control systems, adherence to management policies and compliance with the applicable laws and regulations. Their scope of work also includes internal controls on accounting, efficiency and economy of operations. The internal auditors also report on the implementation of their recommendations.

Reports of the internal auditors are regularly reviewed at the Audit Committee meetings. The Audit Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

## **OUTLOOK**

Global economic environment continued to be subdued in 2015-16. While a modest recovery continued in advanced economies, growth in emerging markets and developing economies—which together account for 70 per cent of global growth — has been declining for the last few years. Growth has also decelerated in China, which is gradually rebalancing its economic activity away from investment and manufacturing towards consumption and services.

India is the only large economy that has maintained a steady growth rate. In addition, the fiscal situation has been stable and there has been a broad-based decline in inflation, allowing the RBI to maintain an accommodative monetary policy stance. But, the investment-growth cycle is yet to kick-in, given the weak global outlook and low capacity utilisation levels across industries. Persisting corporate sector stress and risk aversion in the Indian banking system has meant that the rate cuts by the RBI have not translated into the much needed reduction in interest rates for both businesses and consumers, which can spur both demand and confidence.

Given the capital intensive nature of the business, the real estate industry in India has also been affected by this situation. Mahindra Lifespaces believes that it is well positioned to benefit from the opportunities that will emerge as the economic situation improves further. So, the outlook for 2016-17 is cautiously optimistic.

## **CAUTIONARY STATEMENT**

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

**ANNEXURE-A**

**Salient features of financial Statements of Subsidiary/Associates/joint Ventures as per Companies Act, 2013**

₹ in lakh

SI No.	SUBSIDIARY	Reporting Period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
1	Mahindra Infrastructure Developers Limited	31st March, 2016	₹	1,800.00	(1,617.38)	310.77	128.15	7.99	3.81	(10.07)	(0.00)	(10.07)	-	100.00%
2	Mahindra World City Developers Limited	31 <sup>st</sup> March, 2016	₹	2,000.00	9,973.62	56,011.42	44,037.81	11,500.00	21,355.37	486.14	204.92	281.22	-	89.00%
3	Mahindra World City (Jaipur) Limited	31 <sup>st</sup> March, 2016	₹	20,000.00	6,274.11	67,102.18	40,828.07	422.06	8,676.60	2,044.12	758.03	1,286.10	850.00	74.00%
4	Mahindra World City (Maharashtra) Limited	31 <sup>st</sup> March, 2016	₹	117.04	(114.18)	3.85	0.99	-	0.21	(0.34)	0.05	(0.38)	-	100.00%
5	Mahindra Integrated Township Limited	31 <sup>st</sup> March, 2016	₹	5,043.50	2,830.68	22,351.03	14,476.85	6,630.48	5,828.52	643.42	144.07	499.35	-	96.30%
6	Knowledge Township Limited	31 <sup>st</sup> March, 2016	₹	2,100.00	(44.55)	4,495.67	2,440.22	-	-	(0.60)	-	(0.60)	-	100.00%
7	Mahindra Residential Developers Limited	31 <sup>st</sup> March, 2016	₹	26.00	9,239.86	13,449.46	4,183.60	-	3,383.06	566.43	114.68	451.75	-	96.30%
8	Mahindra Bebanco Developers Limited	31 <sup>st</sup> March, 2016	₹	5.00	829.73	15,017.76	14,183.03	-	5,721.40	287.10	95.09	192.02	-	70.00%
9	Industrial Township (Maharashtra) Limited	31 <sup>st</sup> March, 2016	₹	500.00	(14.46)	516.86	31.32	-	0.84	0.39	-	0.39	-	100.00%
10	Raigad Industrial & Business Park Limited	31 <sup>st</sup> March, 2016	₹	11.00	(10.60)	5.88	5.49	-	-	(0.49)	-	(0.49)	-	100.00%
11	Anthurium Developers Limited	31 <sup>st</sup> March, 2016	₹	5.00	4.81	239.32	229.51	-	7.52	6.95	2.15	4.80	-	100.00%
12	Industrial Cluster Private Limited (Earlier Known as Mahindra Housing Private Limited)	31 <sup>st</sup> March, 2016	₹	5.00	(1.66)	3.66	0.32	-	-	(0.46)	-	(0.46)	-	100.00%
13	Mahindra Industrial Park Chennai Limited(w.e.f. 22nd December, 2014)	31 <sup>st</sup> March, 2016	₹	17,000.00	765.88	23,524.61	5,758.73	-	-	(133.02)	-	(133.02)	-	89.00%
14	Mahindra Water Utilities Limited (w.e.f 27 <sup>th</sup> July, 2015)	31 <sup>st</sup> March, 2016	₹	10.00	5,007.73	5,619.28	610.55	2.81	1,895.20	869.74	303.51	566.23	-	98.99%

Names of subsidiaries which are yet to commence operations- NA

Names of subsidiaries which have been liquidated or sold during the year- NA

	Latest Audited Balance Sheet Date	Shares of Associate/Joint Venture held by the Company on the year end			Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance sheet	Profit/Loss for the year	
		No. of Shares	Amount of investment in Associates/Joint Venture	Extent of Holding				Considered in Consolidation	Not Considered in Consolidation
<b>ASSOCIATES</b>									
Kismat Developers Private Limited	31 <sup>st</sup> March, 2016	15	150	42.86%	Note A	NA	(21.96)	(0.13)	(0.18)
Topical Builders Private Limited	31 <sup>st</sup> March, 2016	175	1,750	50.00%	Note A	NA	(285.40)	(9.90)	(9.90)
<b>JOINT VENTURES</b>	31 <sup>st</sup> March, 2016								
Mahindra Inframan Water Utilities Private Limited	31 <sup>st</sup> March, 2016	24,999	2,49,990	50.00%	Note A	NA	3.50	(0.62)	(0.62)
Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)	31 <sup>st</sup> March, 2016	2,06,018	20,60,180	50.00%	Note A	NA	(318.19)	331.07	331.07

A) There is significant influence due to percentage (%) of Share Capital.

Names of Associates/Joint Venture which are yet to commence operations- NA

Names of Associates/Joint Venture which have been liquidated or sold during the year- NA

Mahindra Inframan Water Utilities Private Limited is a 50% Joint Ventures of Mahindra Infrastructure Developers Limited which is a 100% subsidiary of the Company. There is no direct holding in the JV by the Company.

## Corporate Governance Report

### 1. CORPORATE GOVERNANCE PHILOSOPHY

Mahindra Lifespaces is committed to good corporate governance and endeavours to implement the Code of Corporate Governance in its true spirit. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures, and enhance shareholder value without compromising in any way on compliance with the laws and regulations. The Company believes that good governance brings about sustained corporate growth and long-term benefits for all its stakeholders.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and provisions in the Companies Act, 2013 (“the Act”). As a Company which believes in implementing corporate governance practices in letter and in spirit, the Company has adopted practices mandated by the Act and SEBI LODR and has established procedures and systems to remain compliant with it as on 31<sup>st</sup> March, 2016. This report provides the Company’s compliance with these provisions.

### 2. BOARD OF DIRECTORS

The Company has a Non-Executive Chairman and one half of the total number of Directors comprises of Independent Directors. The Management of the Company is entrusted in the hands of the Senior Management Personnel of the Company who are members of the Executive Council of the Company and is headed by the Managing Director & Chief Executive Officer who operates under the overall guidance, supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of the Management to ensure that the longterm objective of enhancing stakeholder’s value is met.

The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board, the Committees (except Corporate Social Responsibility Committee) thereof and meeting of Independent Directors. The Non-Executive Chairman and Independent Directors would be entitled to the commission under the Act. Mr. Arun Nanda, Non-Executive Chairman, who is also on the Board of Mahindra World City Developers Limited (MWCDL), receives sitting fees for attending the meeting of the Board and the Committees (except Corporate Social Responsibility Committee) of MWCDL and would be entitled to the commission under the Act, as may be approved by MWCDL. Mr. Sanjiv Kapoor, Independent Director who is also on the Board of Mahindra World City Developers Limited and Mahindra Residential Developers Limited, receives sitting fees for

attending the meeting of the Board and the Committees (except Corporate Social Responsibility Committee) of these companies and would be entitled to the commission under the Act, as may be approved by these companies. Dr. Anish Shah, Non-Executive Non-Independent Director is the Group President Strategy at Mahindra & Mahindra Limited (M&M) and receives remuneration from M&M. Dr. Anish Shah does not receive any sitting fees and remuneration from the Company. Apart from the above and apart from the reimbursement of expenses incurred in discharge of their duties and the remuneration that the Independent Directors would be entitled to under the Act, none of the Directors have any pecuniary relationships or transactions with the Company, its Holding company, Subsidiaries and Associate companies, their Promoters, Directors, its Senior Management, which in their judgment would affect their independence. Apart from above, none of the Non-Executive Non-Independent Directors has any pecuniary relationship with the Company. The Directors of the Company are not inter-se related to each other.

The Board has adopted a Policy on appointment of Directors and Senior Management and Succession Planning for orderly succession to the Board and the Senior Management.

The Senior Management has made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

#### a) Composition, Status, Attendance at the Board Meetings and at the last Annual General Meeting

As on 31<sup>st</sup> March, 2016, the Company’s Board comprised of six members. The Chairman of the Board is a Non-Executive Non-Independent Director. The Managing Director & Chief Executive Officer is an Executive of the Company. One member of the Board is a Non-Executive Non-Independent Director and other remaining three members are Independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting are given below:

Name of the Director	DIN	Status	No. of Board Meetings		Attendance at the last AGM
			Held	Attended	
Mr. Arun Nanda, Chairman	00010029	Non-Executive Non-Independent	8	7	Yes
Mr. Sanjiv Kapoor	00004005	Non-Executive Independent	8	7	Yes
Mr. Shailesh Haribhakti	00007347	Non-Executive Independent	8	8	Yes

Name of the Director	DIN	Status	No. of Board Meetings		Attendance at the last AGM
			Held	Attended	
Dr. Prakash Hebalkar	00370499	Non-Executive Independent	8	5	Yes
Dr. Anish Shah*	02719429	Non-Executive Non-Independent	8	3	NA
Mr. Anil Harish**	00001685	Non-Executive Independent	8	2	NA
Mr. Uday Y Phadke***	00030191	Non-Executive Non-Independent	8	3	Yes
Ms. Anita Arjundas, Managing Director & Chief Executive Officer	00243215	Executive	8	8	Yes

\* Dr. Anish Shah was appointed as an additional Director in the category of Non-Executive Non-Independent Director with effect from 28<sup>th</sup> August, 2015.

\*\* Mr. Anil Harish resigned from the Board of Directors of the Company with effect from 16<sup>th</sup> June, 2015.

\*\*\* Mr. Uday Y. Phadke retired as Director consequent to retirement by rotation with effect from 31<sup>st</sup> July, 2015.

**b) Details of Directorships/Committee Memberships as of 31<sup>st</sup> March, 2016**

As mandated by the Act, none of the Directors are Director in more than ten Public Limited Companies. Pursuant to Regulation 25 of SEBI LODR, neither of the Independent Directors of the Company are serving as an Independent Director in more than seven listed entities nor any Independent Director is serving as a whole time director in any listed entities. Further, none of the Directors is a member of more than ten Committees nor any of them act as a Chairman of more than five Committees across all listed entities in which they are Directors. The number of Directorships and Committee positions held by them in Public companies are given below:

Name of the Director	Status	Director of Public Companies*	Membership in Committee of Public limited companies, whether listed or not**	Chairmanship in Committees of Public limited companies, whether listed or not**
Mr. Arun Nanda, Chairman	Non-Executive Non Independent	6	Nil	2
Mr. Sanjiv Kapoor	Non-Executive Independent	6	2	3
Mr. Shailesh Haribhakti	Non-Executive Independent	10	5	5

Name of the Director	Status	Director of Public Companies*	Membership in Committee of Public limited companies, whether listed or not**	Chairmanship in Committees of Public limited companies, whether listed or not**
Dr. Prakash Hebalkar	Non-Executive Independent	2	4	NIL
Dr. Anish Shah	Non-Executive Non-Independent	4	2	NIL
Ms. Anita Arjundas, Managing Director & Chief Executive Officer	Executive	10	1	NIL

\* Including Directorship in Mahindra Lifespace Developers Limited as of 31<sup>st</sup> March, 2016 and includes Public companies whether listed or not and Private companies which are either holding or subsidiary of Public companies. Listed entity means an entity which has any of its securities listed on a recognized stock exchange(s).

\*\* Committees considered are Audit Committee and Stakeholders Relationship Committee including that of Mahindra Lifespace Developers Limited. Committee Membership(s) and Chairmanship are counted separately.

**c) Number of Board Meetings**

Eight Board meetings were held during the year under review, 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016, on the following dates: 21<sup>st</sup> April, 2015; 30<sup>th</sup> April, 2015; 19<sup>th</sup> June, 2015; 31<sup>st</sup> July, 2015; 28<sup>th</sup> August, 2015, 30<sup>th</sup> October, 2015; 28<sup>th</sup> January, 2016 and 23<sup>rd</sup> March, 2016. The maximum gap between any two meetings did not exceed one hundred and twenty days.

**d) Meeting of Independent Directors**

The Independent Directors of your Company meet before the Board Meeting without the presence of the Chairman and Managing Director or Executive Director or other Non-Independent Director(s) or Chief Financial Officer or any other Management Personnel.

These Meetings are conducted to enable the Independent Directors to, inter-alia, discuss matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity, and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

During the year, two Meetings of Independent Directors were held on 23<sup>rd</sup> September, 2015 and 23<sup>rd</sup> March, 2016 and these meeting were well attended.

**e) Board Procedure**

A detailed agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibility effectively, the Managing Director & Chief Executive Officer of the Company briefs the Board at every meeting on the overall performance of the Company. A detailed report on operations is also presented at every Board Meeting.

The Board also reviews strategy and business plans, annual operating and capital expenditure budgets, remuneration of Non-Executive Directors, compliance with Statutory/Regulatory requirements and review of major legal issues, adoption of quarterly/half-yearly/annual results, risk management policies, investors’ grievances, borrowings and investments, issue of securities, use of capital issue proceeds, major accounting provisions and writeoffs, corporate restructuring, minutes of meetings of the Audit Committee and other Committees of Directors of the Board, sustainability plan and its performance, and CSR spends, plan and its review, etc.

The Board reviews a compliance certificate issued by the Managing Director & Chief Executive Officer regarding compliance with the requirements of various Statutes, Regulations and Rules as may be applicable to the business of the Company.

**3. DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT**

Ms. Anita Arjundas was appointed as Managing Director & CEO on the Board of the Company on 23<sup>rd</sup> June, 2009 for a period of 5 years and was re-appointed as Managing Director & CEO, on 23<sup>rd</sup> June, 2014 to 22<sup>nd</sup> June, 2019.

Pursuant to Section 152 of the Act and Article 118 of the Articles of Association of the Company, Ms. Anita Arjundas retires by rotation at the forthcoming Annual General Meeting of the Company and has offered herself for re-appointment for the office of the Director. Ms. Anita Arjundas is not related to any of the Directors or Key Managerial Personnel of the Company.

The Board of Directors in its meeting held on 28<sup>th</sup> August, 2015 had appointed Dr. Anish Shah as an Additional Director of the Company. Pursuant to Section 161 of the Act and Article 128 of the Articles of Association of the Company, he holds office upto the date of forthcoming Annual General Meeting.

The Board is of the view that Dr. Anish Shah’s knowledge and experience will be of benefit and value to the Company, and therefore, it is proposed to appoint Dr. Anish Shah as a Director of the Company at the ensuing Annual General Meeting of the Company. Dr. Anish Shah is not related to any of the Directors or Key Managerial Personnel of the Company. Pursuant to Section 160 of the Act, the Company has received notice along with prescribed fees proposing candidature of Dr. Anish Shah as a Director of the Company.

Accordingly, the resolution relating to appointment of Dr. Anish Shah at Item No. 5 of the Notice as an Ordinary Resolution is recommended for approval of the Members.

All the above Directors are not disqualified from being appointed/re-appointed as Directors by virtue of the provisions of Section 164 of the Act.

Brief resume of Directors seeking appointment/reappointment is given below:

**Ms. Anita Arjundas**

Ms. Anita Arjundas, aged 49, is the President of the Real Estate Sector of the Mahindra Group; a USD 17.8 billion, diversified, federation of companies. She is responsible for setting the strategic direction that will enable the real estate business to drive sustainable urbanisation in India.

Ms. Anita joined the Mahindra Group in 2002 in one of the subsidiary companies of Mahindra Lifespaces, Mahindra World City, India’s first integrated business city in a public-private partnership. After building the Integrated Cities business unit with two world cities at Chennai and Jaipur, Ms. Anita took over as Managing Director & CEO of Mahindra Lifespaces and CEO of the Real Estate sector of the Group, comprising residential and industrial developments. Ms. Anita is a member of the Mahindra Group Executive Board from April, 2010.

Prior to her career with the Mahindra Group, Ms. Anita has spent 3 years in the IT industry and 10 years in the consumer goods space.

An MBA from BIM, India and a Wharton AMP alumnus, Ms. Anita has been named among the 50 “Most Powerful Women in Business” by Fortune India for the past five years.

As on 31<sup>st</sup> March, 2016, Ms. Anita Arjundas holds Directorships and Committee positions in the following companies:

Name of Company/Trust	Designation	Name of Committee	Position held
Mahindra Lifespace Developers Limited	Managing Director & CEO	• Share Transfer and Allotment Committee	Member
		• Committee for Residential Projects in Joint Ventures	Member
		• Committee for Large Format Development	Member
		• Corporate Social Responsibility (CSR) Committee	Member
		• Qualified Institutional Placement (QIP) Committee	Member
		• Risk Management Committee	Member
Mahindra World City Developers Limited	Non-Executive Director	• Nomination and Remuneration Committee	Member
		• Corporate Social Responsibility (CSR) Committee	Member
Mahindra World City (Jaipur) Limited	Non-Executive Director	• Nomination and Remuneration Committee	Member
		• Land Lease Committee	Member
		• Capital Issue Committee	Member

Name of Company/Trust	Designation	Name of Committee	Position held
Mahindra World City (Maharashtra) Limited	Non-Executive Director, Chairperson	NIL	NIL
Mahindra Bebanko Developers Limited	Non-Executive Director, Chairperson	• Committee of Directors for borrowings	Member
Mahindra Infrastructure Developers Limited	Non-Executive Director Chairperson	• Nomination and Remuneration Committee	Member
Mahindra Industrial Park Chennai Limited.	Non-Executive Director, Chairperson	NIL NIL	NIL
Mahindra Integrated Township Limited	Non-Executive Director, Chairperson	• Corporate Social Responsibility (CSR) Committee	Chairperson
		• Audit Committee	Member
		• Nomination and Remuneration Committee	Member
Knowledge Township Limited	Non-Executive Director, Chairperson	• Nomination and Remuneration Committee	Member
Mahindra Homes Private Limited	Non-Executive Director, Chairperson	Committee of Directors for borrowings	Member
Mahindra Susten Private Limited	Non-Executive Director	NIL	NIL
Mahindra World School Educational Trust	Trustee	-	-

Ms. Anita Arjundas, Director holds 8,000 equity shares of the Company. Details of stock options granted to Ms. Anita Arjundas under Employee Stock Option Scheme 2006 and 2012 are given at point no. 7 of this report.

#### Dr. Anish Shah

Dr. Anish Shah, aged 47, is the Group President (Strategy) for the Mahindra Group. His key focus areas are strategy development and implementation, building capabilities such as digitisation and analytics, driving international growth especially in US and Africa. The Group Strategy office also leads Risk Management and Performance Review, plus enables synergies across Group companies.

Prior to joining Mahindra Group in 2014, Dr. Anish was President and CEO of GE Capital India, where he led the transformation of the business, including a turnaround of its SBI Card joint venture. His career at GE spanned 14 years. As Director, Global Mortgage, he worked across more than thirty countries to drive growth and manage risk, and as Senior Vice President (Marketing and Product Development) at GE Mortgage Insurance, he led various growth initiatives and played a key role in preparing the business for an IPO, as a spinoff from GE. Dr. Anish also received GE's prestigious 'Lewis Latimer Award' for outstanding utilization of Six Sigma in developing a "Digital Cockpit." Before GE, Dr. Anish worked at Bank of America, Bain & Company, and Citibank.

Dr. Anish holds a PhD from Carnegie Mellon's Tepper School of Business where his doctoral thesis was in the field of corporate governance. He also received a Master's degree from Carnegie Mellon, and a post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad.

As on 31<sup>st</sup> March, 2016, Dr. Anish Shah holds Directorships and Committee positions in the following companies:

Name of Company	Designation	Name of Committee	Position held
Mahindra Lifespace Developers Limited	Non-Executive Director	• Audit Committee	Member
		• Loans and Investment Committee	Member
		• Share Transfer and Allotment Committee	Member
Mahindra and Mahindra Financial Services Limited	Non-Executive Director	• Audit Committee	Member
		• Corporate Social Responsibility (CSR) Committee	Member
Mahindra Trucks and Buses Limited	Non-Executive Director	NIL	NIL
Orizonte Business Solution Limited	Non-Executive Director	NIL	NIL
Mahindra Ecolé Centrale	Director	NIL	NIL
Confederation of Indian Industry (Western Region)	Chairman	NIL	NIL

Dr. Anish Shah, Director holds nil equity shares of the Company.

#### 4. FAMILIARISATION OF INDEPENDENT DIRECTORS

The details of familiarisation programme for Independent Directors have been disclosed on website of the Company and is available at the link: <http://www.mahindralifespaces.com/investors/disclosures-sebi>

#### 5. CODES OF CONDUCT AND POLICIES

The Board of Directors of the Company has laid down two separate Codes of Conduct – one for Directors and another for Senior Management and Employees. It has also adopted Code for Independent Directors as per Schedule IV of the Act. These codes are posted on the Company's website: <http://www.mahindralifespaces.com/investors/disclosures-sebi>

All Board Members including Independent Directors and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the year under review. A declaration signed by Managing Director & CEO to this effect is annexed to this report.

In accordance with the requirement of SEBI LODR, the Company has formulated and adopted policy for determining material subsidiaries, policy on materiality



of and dealing with related party transactions, policy for determining materiality for disclosures. These policies are posted on the Company's website at: <http://www.mahindralifespaces.com/investors/disclosures-sebi>

## 6. CEO/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of SEBI LODR, the Managing Director & CEO and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended on 31<sup>st</sup> March, 2016.

## 7. REMUNERATION PAID TO DIRECTORS

### Remuneration Policy

The objective of the Remuneration Policy of the Company for Directors and Senior Management is to focus on enhancing the value of the Company by attracting and retaining Directors for achieving objectives of the Company and to place the Company in leading position. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

While reviewing the Company's remuneration policies and deciding on the remuneration for Directors, the Board and the Nomination and Remuneration Committee (NRC) considers the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance, responsibilities shouldered by them, the Statutory provisions and other relevant factors.

The Non-Executive Chairman and Independent Directors are paid sitting fees and reimbursement of expenses incurred in attending the Board, Committee meetings and meeting of Independent Directors. The Directors have voluntarily waived sitting fees for attending Corporate Social Responsibility Committee meetings. The Board determines the remuneration, if any, of Non-Executive Directors, subject to requisite approvals, if any.

At the 16<sup>th</sup> Annual General Meeting of the Company held on 31<sup>st</sup> July, 2015, the shareholders had approved payment of commission in a manner that commission may be distributed without any sub-limits amongst and paid to such Directors in such proportions as the Directors may decide from time to time from 1<sup>st</sup> April, 2015 onwards. Accordingly, the Board at its meeting held on 26<sup>th</sup> April, 2016 has approved payment of commission for the year ended on 31<sup>st</sup> March, 2016.

### Performance Evaluation

Pursuant to the provisions of the Act and Part D of Schedule II of SEBI LODR, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof and Chairman of the Company was carried out by the Independent Directors. Evaluation of

Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, Corporate Governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

### Criteria for making payments to Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed hereunder:

- i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board, Committee of the Board (except CSR Committee) and meeting of Independent Directors attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. A Non-Executive Director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board within the limits approved by the shareholders in accordance with Statutory provisions in this regard. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company calculated in the prescribed manner;
- iii. The Board may approve a higher commission for the Chairman of the Board of Directors taking into consideration his overall responsibility;
- iv. The Board in determining the quantum of commission payable to the Directors, shall take into consideration the remuneration policy of the Company;
- v. The Commission shall be payable on pro-rata basis to those Directors who occupy office for part of the year; and
- vi. As per provisions of the Act, henceforth, the Independent Directors will not be entitled to fresh grant of any Stock Options.

Detailed information of Directors' remuneration for the year 2015-16 is set forth below:

(₹ in lakh)						
Name of the Director	Status	Sitting Fees (Note a)	Commission (Note f)	Salary, Performance Pay and Perquisites	Aggregate of Company's contributions to Superannuation & Provident Fund	Total
Mr. Arun Nanda, Chairman	Non-Executive Non-Independent	10.00	85.00	Nil	Nil	95.00

(₹ in lakh)

Name of the Director	Status	Sitting Fees (Note a)	Commission (Note f)	Salary, Performance Pay and Perquisites	Aggregate of Company's contributions to Superannuation & Provident Fund	Total
Mr. Sanjiv Kapoor	Non-Executive Independent	11.90	10.00	Nil	Nil	21.90
Mr. Shailesh Haribhakti	Non-Executive Independent	13.50	10.00	Nil	Nil	23.50
Dr. Prakash Hebalkar	Non-Executive Independent	8.10	10.00	Nil	Nil	18.10
Dr. Anish Shah	Non-Executive Non-Independent	N.A.	N.A.	Nil	Nil	0.00
Mr. Anil Harish*	Non-Executive Independent	2.60	2.50	Nil	Nil	5.10
Mr. Uday Y. Phadke**	Non-Executive Non-Independent	N.A.	N.A.	Nil	Nil	0.00
Ms. Anita Arjundas (Note b)	Executive (Managing Director & Chief Executive Officer)	N.A.	Nil	254.43	26.99	281.42

\* Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16<sup>th</sup> June, 2015

\*\* Mr. Uday Y. Phadke retired as Director consequent to retirement by rotation with effect from 31<sup>st</sup> July, 2015.

**Notes:**

a. Non-Executive Non-Independent Chairman and Non-Executive Independent Directors were paid sitting fees for attending meeting of Board, various committees and meeting of Independent Directors as under:

Meeting	Sitting Fees (₹)
Board	1,00,000
Independent Directors Meeting effective from 23 <sup>rd</sup> March, 2016	1,00,000
Share Transfer & Allotment Committee	5,000
Corporate Social Responsibility (CSR) Committee*	Nil
All other Committees	30,000

\* The members of the CSR Committee have voluntarily waived their entitlement for sitting fees for attending meetings of the said Committee.

The Managing Director & CEO and Non-Executive Non-Independent Director (not being the Chairman) do not receive sitting fees for attending meetings of the Board/Committees of the Board of Directors of the Company.

b. (i) Ms. Anita, prior to her appointment as Managing Director & CEO in the Company, in her capacity as an employee of the Company, is in receipt of 50,000 Stock Options under Employee Stock Options Scheme-2006 (ESOS-2006) granted to her on 25<sup>th</sup> April, 2008 of which she has exercised 1,000 options. In her capacity as Managing Director & CEO, she is in receipt of 10,000 Stock Options under Employee Stock Options Scheme-2012 (ESOS-2012) granted on 4<sup>th</sup> August, 2012 of which she has exercised 7,000 options and will continue to hold balance options in terms of the Grant. She shall be eligible for additional Stock Options/Grants, as and when the event happens.

(ii) Salary to Ms. Anita, Managing Director & CEO includes:

- Salary and Allowances of ₹ 185.78 lakh
- Perquisites of ₹ 14.39 lakh
- Performance pay of ₹ 54.27 lakh

The nature of employment of Managing Director & CEO with the Company is contractual and can be terminated by giving three months' notice from either party. The contract does not provide for any severance fee.

- c. The Company has not advanced any loan to any Director.
- d. The Company has granted Stock Options under ESOS-2006 to the following Directors during the year 2008-09 and 2012-13:

Name of the Director	No. of Stock Options Granted on 25 <sup>th</sup> April, 2008 which are vested and to be exercised on or before 24 <sup>th</sup> April, 2017. (Exercise Price ₹ 428/- per Stock Option)	No. of Stock Options Granted on 4 <sup>th</sup> August, 2012. Vesting vest in four equal instalments of 25% each from date of grant. To be exercised on or before 3 <sup>rd</sup> August, 2021. (Exercise Price ₹ 325/- per Stock Option)	No. of Stock Options Exercised as on 31 <sup>st</sup> March, 2016*
Mr. Arun Nanda, Chairman	2,00,000	-	1,30,000
Mr. Uday Y. Phadke**	10,000	-	2,500
Mr. Sanjiv Kapoor	10,000	-	-
Mr. Shailesh Haribhakti	10,000	-	10,000
Mr. Anil Harish**	10,000	-	-
Dr. Prakash Hebalkar	-	10,000	5,000
Dr. Anish Shah	-	-	-
Ms. Anita Arjundas	50,000	-	1,000
<b>Total</b>	<b>2,90,000</b>	<b>10,000</b>	<b>1,48,500</b>

\* As of 31<sup>st</sup> March, 2016, a total of 1,75,250 Stock Options have been exercised by the grantees, out of which 1,48,500 Stock Options have been exercised by the above Directors and 26,750 Stock Options have been exercised by other grantees under ESOS-2006.

\*\* Mr. Anil Harish has resigned from Board of Directors of the Company with effect from 16<sup>th</sup> June, 2015 and Mr. Uday Y. Phadke retired as Director consequent to retirement by rotation with effect from 31<sup>st</sup> July, 2015.

e. ESOS-2012: As of 31<sup>st</sup> March, 2016, a total of 44,250 Stock Options have been exercised by the grantees at an exercise price of ₹ 10 per Stock Option, out of which 7,000 Stock Options have been exercised by Ms. Anita Arjundas, Managing Director & CEO and 37,250 Stock Options have been exercised by other grantees under ESOS-2012.

Details of Vesting period are given below:

Year	Entitlement	Vesting Schedule
1	20%	12 months from the date of grant
2	20%	24 months from the date of grant
3	30%	36 months from the date of grant
4	30%	48 months from the date of grant

The Options are to be exercised within a period of five years from the respective date of vesting. Besides Stock Option, in case of Managing Director & CEO, the performance pay in accordance with 'The Policy for Remuneration of the Directors' and in case of other Directors, payment of commission are the only components of Director's remuneration that are variable. All other components are fixed.

- f. Employee Stock Option and Commission are the only components of Director's Remuneration that are performance linked. All other components are fixed.
- g. As per provisions of the Act and SEBI LODR, henceforth, the Independent Directors will not be entitled to fresh grant of any Stock Options.

#### **Shares and Convertible Instruments held by Non-Executive Directors:**

The details of the Stock Options granted to the Directors are given under Note (b)(i), (d) and (e) of the previous section on Remuneration Policy.

#### **As on 31<sup>st</sup> March, 2016:**

- Mr. Arun Nanda holds 1,30,114 equity shares and his spouse jointly with Mr. Arun Nanda holds 600 equity shares in the Company. Mr. Uday Nanda, son of Mr. Arun Nanda holds 350 equity shares jointly with Mrs. Neerja Nanda and Mr. Arun Nanda.
- Ms. Anita Arjundas holds 8,000 equity shares in the Company.
- Dr. Prakash Hebalkar holds 5,000 equity shares in the Company.
- Mr. Shailesh Haribhakti holds 5000 equity shares in the Company.
- Dr. Anish Shah does not hold any shares in the Company either on his own or for any other person on a beneficial basis.
- Mr. Sanjiv Kapoor does not hold any shares in the Company either on his own or for any other person on a beneficial basis.
- As of 16<sup>th</sup> June, 2015 i.e. on the date of his resignation, Mr. Anil Harish was holding nil equity shares and his daughter and son were holding 3,500 equity shares each, of the Company jointly with Mr. Anil Harish aggregating 7,000 equity shares.
- As of 31<sup>st</sup> July, 2015, i.e. on the date of his retirement, Mr. Uday Y. Phadke was holding nil equity shares.

## **8. COMMITTEES OF THE BOARD**

### **Audit Committee**

As on 31<sup>st</sup> March, 2016, the Audit Committee of the Company comprises of three independent Directors, namely Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti and Dr. Prakash Hebalkar and one Non-Executive Non-Independent Director, Dr. Anish Shah. Mr. Sanjiv Kapoor is the Chairman of the Committee. Consequent to resignation of Mr. Anil Harish from the Board of Directors with effect from 16<sup>th</sup> June, 2015 and Mr. Uday Y. Phadke retiring by rotation with effect from 31<sup>st</sup> July, 2015, the Board of Directors at its meeting held on 28<sup>th</sup> August, 2015 reconstituted the Audit Committee by appointing Dr. Prakash Hebalkar and Dr. Anish Shah with effect from 28<sup>th</sup> August, 2015.

All members of the Audit Committee possess strong knowledge of accounting and financial management.

The terms of reference of the Committee pursuant to Section 177 of the Act, inter-alia includes:

- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

The terms of reference of the Committee are also in accordance with the requirements of Regulation 18(3) read with Part C of Schedule II of SEBI LODR and inter-alia includes:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of their fees. Approval of payment of fees to statutory auditors for any other services rendered by the Statutory Auditors;
- Evaluation of the internal control systems and risk management system with the management, Internal Auditors and statutory auditors;
- Review with the management, the annual financial statements and auditors report before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance and other legal requirements concerning financial statements;

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Review of Management Discussion and Analysis of financial condition and results of the operations;
- Management letters/letters of internal control weakness issued by Statutory Auditor;
- Review of material Individual Transactions with related parties not in normal course of business or which are not on arm's length basis;
- Approval of appointment of CFO (i.e., the wholtime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- Review of financial statements and investment of unlisted subsidiary companies.

During the year under review, 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016, eight meetings of the committee were held on the following dates: 30<sup>th</sup> April, 2015; 19<sup>th</sup> June, 2015, 31<sup>st</sup> July, 2015; 23<sup>rd</sup> September, 2015; 30<sup>th</sup> October, 2015; 28<sup>th</sup> January, 2016, 2<sup>nd</sup> March, 2016 and 23<sup>rd</sup> March, 2016. The maximum gap between any two meetings did not exceed one hundred and twenty days. The details of attendance of the Committee Members at the Audit Committee meetings held during the year are as under:

Name of the Director	Status	No. of Audit Committee Meetings	
		Held	Attended
Mr. Sanjiv Kapoor, Chairman	Non-Executive Independent Director	8	8
Mr. Shailesh Haribhakti	Non-Executive Independent Director	8	8
Dr. Prakash Hebalkar *	Non-Executive Independent Director	8	5
Dr. Anish Shah *	Non-Executive Non-Independent Director	8	3
Mr. Anil Harish **	Non-Executive Independent Director	8	1
Mr. Uday Y. Phadke ***	Non-Executive Non-Independent Director	8	2

\* Appointed as a member of the Committee with effect from 28<sup>th</sup> August, 2015.

\*\* Mr. Anil Harish ceased to be a member of the Committee with effect from 16<sup>th</sup> June, 2015.

\*\*\* Mr. Uday Y. Phadke ceased to be a member of the Committee with effect from 31<sup>st</sup> July, 2015.

Mr. Sanjiv Kapoor, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company

held on 31<sup>st</sup> July, 2015. The Chairman of the Company, the Managing Director & CEO, Chief Financial Officer, the Internal Auditors and Statutory Auditors are invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Stakeholders including Directors and employees and their representative bodies to report genuine concerns in the prescribed manner. The Audit Committee and the Board at their respective meetings held on 28<sup>th</sup> January, 2016 modified the Whistle Blower Policy to align with the requirement of SEBI LODR. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimization of stakeholders including employees and Directors and their representative bodies. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional noncompliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Boards' Report also provides details on the Whistle Blower Policy of the Company and the Policy is available at web link: <http://www.mahindralifespaces.com/investors/disclosures-sebi>

#### Stakeholders Relationship Committee

As on 31<sup>st</sup> March, 2016, the Stakeholders Relationship Committee of the Company comprises of Non-Executive Non-Independent Director, Mr. Arun Nanda and Non-Executive Independent Director, Dr. Prakash Hebalkar. Mr. Arun Nanda is the Chairman of the Committee. Mr. Suhas Kulkarni, Senior Vice President – Legal & Company Secretary, is the Compliance Officer for the Committee.

The Committee's objective is to attend to investors' complaints pertaining to transfers/transmission of shares, non-receipt of dividend/interest, and any other related matter.

During the year under review, the Committee met once on 23<sup>rd</sup> September, 2015. Mr. Arun Nanda and Dr. Prakash Hebalkar attended the meeting and previous year's Annual General Meeting.

#### Nomination and Remuneration Committee

As on 31<sup>st</sup> March, 2016, the Nomination and Remuneration Committee of the Company comprises of two Independent Directors, Mr. Sanjiv Kapoor and Mr. Shailesh Haribhakti and a Non-Executive Non-Independent Director, Mr. Arun Nanda. Mr. Anil Harish ceased to be a member of the Committee with effect from 16<sup>th</sup> June, 2015. Mr. Sanjiv Kapoor is the Chairman of the Committee. During the year under review, 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016, the Committee met five times on the following dates: 30<sup>th</sup> April, 2015; 31<sup>st</sup> July, 2015;

28<sup>th</sup> August, 2015; 28<sup>th</sup> January, 2016 and 23<sup>rd</sup> March, 2016. All members of the Committee attended the meetings. Mr. Sanjiv Kapoor, Chairman of the Nomination and Remuneration Committee, was present at the Annual General Meeting of the Company held on 31<sup>st</sup> July, 2015.

The role of the Nomination and Remuneration Committee inter-alia, includes:

- To consider appointment, re-appointment, determination of the fixation of the remuneration, revision in the remuneration payable to the Managing Director/Whole-Time Director of the Company from time to time;
- To formulate and administer the Employee Stock Option Scheme (“the Scheme”);
- Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board, a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- To attend to such other matters and functions as may be prescribed from time to time;
- Devising a policy on Board Diversity.

#### **Corporate Social Responsibility Committee**

As on 31<sup>st</sup> March, 2016, the Committee comprises of Non-Executive Non-Independent Director Mr. Arun Nanda, Independent Director, Mr. Shailesh Haribhakti and the Managing Director & CEO, Ms. Anita Arjundas. Mr. Anil Harish resigned from the Board of Directors of the Company with effect from 16<sup>th</sup> June, 2015 and consequent to his resignation, the Board of Directors at its meeting held on 19<sup>th</sup> June, 2015 reconstituted the Committee by appointing Mr. Shailesh Haribhakti, as member of the Corporate Social Responsibility Committee.

During the year under review, the Committee met four times on the following dates: 30<sup>th</sup> April, 2015; 31<sup>st</sup> July, 2015; 30<sup>th</sup> October, 2015 and 28<sup>th</sup> January, 2016. All members attended the meetings.

#### **Loans & Investment Committee**

As on 31<sup>st</sup> March, 2016, the Loans & Investment Committee of the Board of the Company comprises of two Non-Executive Non-Independent Directors, Mr. Arun Nanda and Dr. Anish Shah and Independent Director, Dr. Prakash Hebalkar. Consequent to resignation of Mr. Anil Harish from the Board of Directors with effect from 16<sup>th</sup> June, 2015 and Mr. Uday Y. Phadke retiring by rotation with effect from 31<sup>st</sup> July, 2015, the Board of Directors at its meeting held on 19<sup>th</sup> June, 2015 and 28<sup>th</sup> August, 2015 reconstituted the Committee by appointing Dr. Prakash Hebalkar and Dr.

Anish Shah with effect from 19<sup>th</sup> June, 2015 and 28<sup>th</sup> August, 2015, respectively. The Committee’s objective is to finalise within the parameters set by the Board, the terms on which the borrowings/investments would be made by the Company from time to time.

Mr. Arun Nanda is the Chairman of the Committee.

#### **Share Transfer and Allotment Committee (earlier known as Share Allotment Committee)**

The Board at its meeting held on 31<sup>st</sup> July, 2014, changed the nomenclature of the existing “Share Allotment Committee” to “Share Transfer and Allotment Committee”. The role of the Committee covers the following:

- to issue duplicate share certificates in lieu of original certificates, which are lost or misplaced against an Indemnity Bond;
- to issue duplicate share certificates in lieu of original certificates, which are lost or misplaced against an Indemnity Bond without insisting on an advertisement or notification being published in the newspaper/Maharashtra Government Gazette, if the face value of shares involved is not more than ₹ 10,000 and the market value is not more than ₹ 5,00,000;
- to approve in physical mode transfers in excess of 5,000 equity shares per transfer;
- to approve transmission in physical mode of equity shares of a market value exceeding ₹ 5,00,000;
- to allot equity shares arising out of exercise of Stock Options pursuant to the Employee Stock Option Scheme-2006 (ESOS-2006) and Employee Stock Option Scheme- 2012 (ESOS-2012), or any other Employee Stock Option Scheme that may be in vogue from time to time, and allot equity shares/preference shares/securities/convertible instruments as per the terms of any other issue of shares/securities/convertible instruments as may be approved by the Board/shareholders from time to time.

As on 31<sup>st</sup> March, 2016, the Committee comprises of two Non-Executive Non-Independent Directors, Mr. Arun Nanda and Dr. Anish Shah and the Managing Director & CEO, Ms. Anita Arjundas. Mr. Uday Y. Phadke retired as Director due to retirement by rotation with effect from 31<sup>st</sup> July, 2015 and consequent to his retirement, the Board of Directors at its meeting held on 28<sup>th</sup> January, 2016 reconstituted the Committee by appointing Dr. Anish Shah, as a member of the Share Transfer and Allotment Committee.

During the year, the Committee also approved issue of duplicate share certificates cum transfer/transmission of shares through circular resolutions.

#### **Committee for Residential Projects in Joint Venture**

As on 31<sup>st</sup> March, 2016, the Committee for Residential Projects in Joint Venture comprises of Non-Executive Non-Independent Director, Mr. Arun Nanda, Independent Director, Mr. Shailesh Haribhakti and the Managing Director

& CEO, Ms. Anita Arjundas. The objective of the Committee is to evaluate business plans and investments in Residential projects to be undertaken in Joint Venture.

During the year under review, the Committee met twice on 27<sup>th</sup> April, 2015 and 31<sup>st</sup> July, 2015. All members attended the meetings.

#### Committee for Large Format Developments

As on 31<sup>st</sup> March, 2016, the Committee for Large Format Developments comprises of Non-Executive Non-Independent Director, Mr. Arun Nanda, Independent Director, Dr. Prakash Hebalkar and the Managing Director & CEO, Ms. Anita Arjundas. The objective of the Committee is to evaluate business plans and investments in large format development projects.

During the year under review, the Committee met twice on 27<sup>th</sup> April, 2015 and 9<sup>th</sup> June, 2015. All members attended the meetings, except Dr. Prakash Hebalkar who was granted leave of absence for Committee meeting held on 27<sup>th</sup> April, 2015.

#### Qualified Institutional Placement (QIP) Committee

The Committee comprises of Non-Executive Non-Independent Director, Mr. Arun Nanda, Independent Director, Mr. Shailesh Haribhakti and the Managing Director & CEO, Ms. Anita Arjundas. Mr. Uday Y. Phadke ceased to be a member of the Committee with effect from 31<sup>st</sup> July, 2015. The objective of the Committee is to finalise the terms of issue of equity shares to Qualified Institutional Buyers, and to finalise and approve the Preliminary Placement Document/Placement Document, etc.

#### Risk Management Committee comprising of Directors and Executives of the Company

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Presently, in terms of Regulation 21 of the SEBI LODR, the requirement of Risk Management Committee is not applicable to your Company. However, the Board has constituted Risk Management Committee comprising of Directors and Executives of the Company.

The Committee comprises of Mr. Shailesh Haribhakti, Independent Director, Ms. Anita Arjundas, Managing Director & CEO and Mr. Jayant Manmadkar, Chief Financial Officer of the Company. Mr. Shailesh Haribhakti is the Chairman of the Committee.

The role of the Committee is to monitor and review the risk assessment, mitigation and risk management plan for the Company from time to time.

## 9. GENERAL SHAREHOLDER INFORMATION

### Seventeenth Annual General Meeting

Day/Date:	Thursday, 28 <sup>th</sup> July, 2016
Time:	3:00 p.m.
Venue:	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021

### Details of Annual/Extra-ordinary General Meetings held during past three years

Year	Date	Time	Venue
2013	24 <sup>th</sup> July, 2013 14 <sup>th</sup> AGM	3:00 p.m.	Y. B. Chavan Centre, Mumbai
2014	7 <sup>th</sup> August, 2014 15 <sup>th</sup> AGM	3:00 p.m.	Y. B. Chavan Centre, Mumbai
2015	31 <sup>st</sup> July, 2015 16 <sup>th</sup> AGM	3:00 p.m.	IMC Marg, Churchgate

### Details of special resolutions passed in Annual/Extra ordinary General Meetings held during past three years

14 <sup>th</sup> AGM, 24 <sup>th</sup> July, 2013	<ul style="list-style-type: none"> <li>Increase in limit for investment by FIs from 30% to 49% of the Company's paid up equity share capital</li> </ul>
15 <sup>th</sup> AGM, 7 <sup>th</sup> August, 2014	<ul style="list-style-type: none"> <li>Appointment and Remuneration of Managing Director &amp; CEO</li> </ul>
	<ul style="list-style-type: none"> <li>Borrowing Limits under Section 180(1)(c) of Companies Act, 2013</li> </ul>
	<ul style="list-style-type: none"> <li>Maintenance of the Register of members and related books at a place other than the Registered Office of the Company</li> </ul>
16 <sup>th</sup> AGM, 31 <sup>st</sup> July, 2015	<ul style="list-style-type: none"> <li>Private Placement of Non-Convertible Debentures and/or other Debt Securities upto an aggregate amount of ₹ 750 crore</li> </ul>
	<ul style="list-style-type: none"> <li>Appointment of Mr. Shailesh Haribhakti as an Independent Director</li> </ul>
	<ul style="list-style-type: none"> <li>Appointment of Mr. Sanjiv Kapoor as an Independent Director</li> </ul>
	<ul style="list-style-type: none"> <li>Appointment of Dr. Prakash Hebalkar as an Independent Director</li> </ul>
	<ul style="list-style-type: none"> <li>Private placement of Non-Convertible Debentures and/or other Debt Securities upto aggregate of ₹ 750 crore.</li> </ul>
	<ul style="list-style-type: none"> <li>Commission to Non-Executive Directors</li> </ul>
	<ul style="list-style-type: none"> <li>Adoption of new set of Articles of Association</li> </ul>
	<ul style="list-style-type: none"> <li>Material Related Party Transaction</li> </ul>

No Extra-ordinary General Meeting (EGM) was held during last three years and no special resolution was passed in the previous year through Postal Ballot.

### Dates of Book Closure

Friday, 22<sup>nd</sup> July, 2016 to Thursday, 28<sup>th</sup> July, 2016 (both days inclusive)

### Final Dividend Payment Date

Final Dividend, if declared, will be credited/dispatched between 29<sup>th</sup> July, 2016 to 2<sup>nd</sup> August, 2016.

### Financial Year

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

**Financial reporting for 2016-17 (Tentative)**

For Quarter ending– 30 <sup>th</sup> June, 2016	By end of July, 2016
For Half Year ending – 30 <sup>th</sup> September, 2016	By end of October, 2016
For Quarter ending – 31 <sup>st</sup> December, 2016	By end of January, 2017
For year ending – 31 <sup>st</sup> March, 2017	By end of April, 2017

**Listing on Stock Exchanges**

The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The Secured Listed Rated Redeemable 10.78% YTM, NonConvertible Debentures (Non-Convertible Debentures) are listed on BSE Limited. Listing fees have been paid to the Stock Exchanges for the period up to 31<sup>st</sup> March, 2017.

**The Company’s Stock Exchange Codes and address:**

Name and Address of the Stock Exchanges	Type of Security/Script Code	International Security Identification Number (ISIN)
<b>BSE Limited Piroze Jeejeebhoy Towers,</b> Dalal Street, Mumbai 400 001	Equity Shares: Scrip Code - 532313	INE813A01018
<b>National Stock Exchange of India Limited Exchange Plaza,</b> Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	Equity Shares: Scrip Code - MAHLIFE	INE813A01018
<b>BSE Limited Piroze Jeejeebhoy Towers,</b> Dalal Street, Mumbai 400 001	Non-Convertible Debentures*: Series II -Scrip Code: 949079 Scrip ID: 8MLDL2017B Series III - Scrip Code: 949080 Scrip ID: 8MLDL2018C	Non-Convertible Debentures*: Series II - INE813A07056 Series III - INE813A07031

\* Series I Non-Convertible Debentures were redeemed in April, 2016.

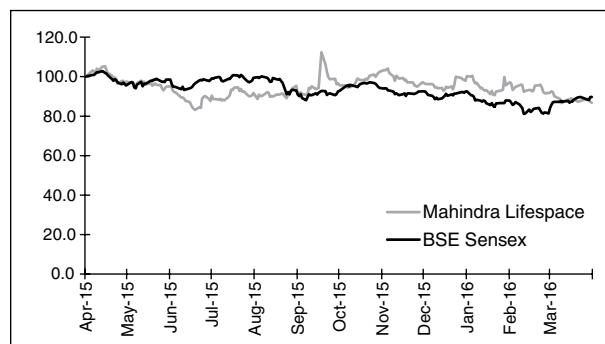
**BSE and NSE – Monthly High/Low and Volumes**

Year	Month	BSE			NSE		
		High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
2015	April	516.90	457.50	73,881	517.00	460.15	4,28,815
2015	May	490.00	448.00	51,029	488.80	450.60	3,17,460
2015	June	467.95	401.30	3,14,716	474.85	401.00	10,81,937
2015	July	464.00	412.30	1,11,484	464.00	410.70	7,19,705
2015	August	465.00	414.85	1,18,285	470.00	414.60	4,25,493
2015	September	558.70	433.75	1,28,649	560.00	435.20	7,90,518
2015	October	513.95	455.00	58,079	516.00	452.00	3,42,977
2015	November	517.90	455.00	73,327	509.90	451.35	2,06,145
2015	December	500.45	445.50	35,659	499.90	444.00	1,49,485
2016	January	497.00	432.85	2,00,598	491.00	435.00	3,59,925
2016	February	475.85	440.10	5,66,214	475.00	437.05	6,60,511
2016	March	455.00	415.30	57,457	462.85	414.90	4,17,997

**Performance in comparison to BSE – Sensex, NSE Nifty, BSE 500 Index and BSE Realty Index**

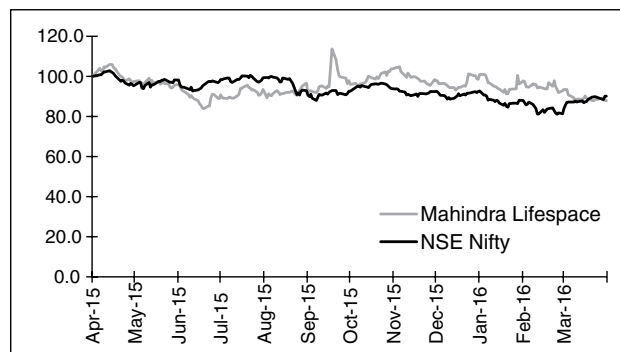
Year	Month	Closing Price on Last Trading Day of the Month				
		MLDL at BSE	BSE Sensex	NSE Nifty	BSE 500	BSE Realty
2015	April	472.05	27,011.31	8,181.50	10,696.83	1,573.06
2015	May	459.75	27,828.44	8,433.65	11,023.76	1,537.68
2015	June	424.50	27,780.83	8,368.50	10,903.53	1,413.26
2015	July	444.20	28,114.56	8,532.85	11,233.42	1,387.35
2015	August	461.30	26,283.09	7,971.30	10,536.38	1,260.66
2015	September	468.05	26,154.83	7,948.90	10,498.27	1,396.60
2015	October	495.95	26,656.83	8,065.80	10,671.58	1,371.63
2015	November	470.50	26,145.67	7,935.25	10,580.88	1,343.89
2015	December	474.00	26,117.54	7,946.35	10,634.22	1,344.33
2016	January	463.10	24,870.69	7,563.55	10,014.03	1,208.95
2016	February	444.00	23,002.00	6,987.05	9,206.02	1,051.08
2016	March	420.35	25,341.86	7,738.4	10,185.12	1,228.35

**Chart A: Mahindra Lifespaces’ Share Performance versus BSE Sensex**



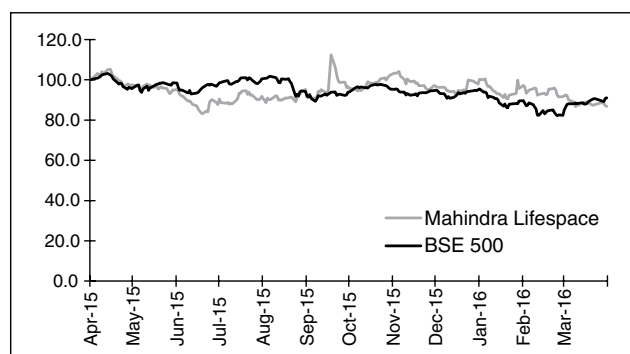
Note: Share price of Mahindra Lifespaces and BSE Sensex have been indexed to 100 on 1<sup>st</sup> April, 2015

**Chart B: Mahindra Lifespaces’ Share Performance versus NSE NIFTY**



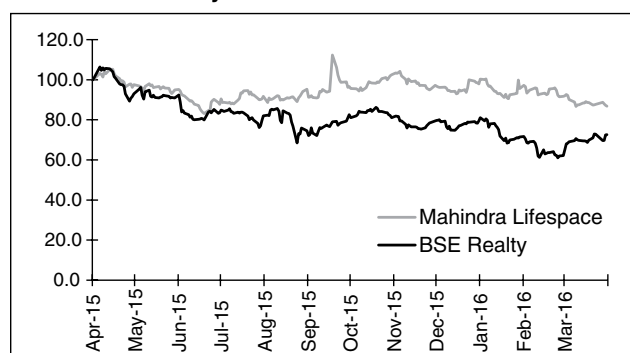
Note: Share price of Mahindra Lifespaces and NSE NIFTY have been indexed to 100 on 1<sup>st</sup> April, 2015

**Chart C: Mahindra Lifespaces' Share Performance versus BSE 500**



Note: Share price of Mahindra Lifespaces and BSE 500 have been indexed to 100 on 1<sup>st</sup> April, 2015

**Chart D: Mahindra Lifespaces' Share Performance versus BSE Realty**



Note: Share price of Mahindra Lifespaces and BSE Realty have been indexed to 100 on 1<sup>st</sup> April, 2015

**Registrar and Share Transfer Agents**

**As on 31<sup>st</sup> March, 2016 and till 17<sup>th</sup> June, 2016:**

**Sharepro Services (India) Private Limited**

**Registered Office**

13 AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off. Andheri - Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072

Tel: 022-67720300, 67720400

Fax: 022-28591568, 28508927

E-mail:

sharepro@shareproservices.com

Website: www.shareproservices.com

**Investor Relation Centre Sharepro Services (India) Pvt. Limited**

912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021

Tel: 022-66134700

**With effect from 18<sup>th</sup> June, 2016:**

**Karvy Computershare Private Limited**

**Corporate Office:**

Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032.

Tel: 91 40-67162222

Email Id: einward.ris@karvy.com

Website: www.karvycomputer-share.com

**Investor Relation Centre: Karvy Computershare Private Limited**

24 B, Rajabhadur Mansion Ground Floor, Ambalal Doshi Marg Fort, Mumbai - 400 023

Tel: 022-66235454/412/427

**Debenture Trustees:**

Axis Trustees Services Limited

Axis House, 2<sup>nd</sup> Floor Bombay Dyeing Mills Compound

Pandurang Budhkar Marg,

Worli, Mumbai - 400 025

Phone: 022 - 24252525

**Share Transfer System**

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of documents, provided that, documents are valid and complete in all respects. With a view to expedite the process of share transfers, Ms. Anita Arjundas, Managing Director & CEO, Mr. Suhas Kulkarni, Senior Vice President-Legal & Company Secretary and Ms. Arti Shinde, Deputy General Manager - Secretarial & Legal have been severally authorised by the Board to approve the transfer of shares in physical form, not exceeding 5,000 equity shares per transfer, provided that, the transferee does not hold 1,00,000 or more equity shares. As of date, there are no pending share transfers pertaining to the year under review.

**Distribution of Shareholding as on 31<sup>st</sup> March, 2016**

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 - 100	56,476	89.75	12,52,285	3.05
101 - 200	2,853	4.53	4,25,728	1.04
201 - 300	1,065	1.69	2,72,410	0.66
301 - 400	626	1.00	2,21,887	0.54
401 - 500	456	0.73	2,15,849	0.53
501 - 1,000	748	1.19	5,49,962	1.34
1,001 - 2,000	338	0.54	4,73,252	1.15
2,001 - 3,000	111	0.18	2,77,004	0.68
3,001 - 4,000	57	0.09	2,00,235	0.49
4,001 - 5,000	30	0.04	1,39,559	0.34
5,001 - 10,000	64	0.10	4,61,070	1.12
10,001 & above	101	0.16	3,65,43,909	89.06
<b>Total</b>	<b>62,925</b>	<b>100.00</b>	<b>4,10,33,150</b>	<b>100.00</b>

**Shareholding Pattern**

Category	As on 31 <sup>st</sup> March, 2016		As on 31 <sup>st</sup> March, 2015	
	No. of Equity Shares Held	% of Shareholding	No. of Equity Shares Held	% of Shareholding
Promoter's and Promoter Group	2,08,46,126	50.80	2,08,46,126	50.83
Insurance Companies, Banks and Financial Institutions	21,746	0.05	16,127	0.04
UTI and Mutual Funds	4,85,086	1.17	5,34,121	1.30
FII's	1,06,13,809	25.87	1,18,22,364	28.83



Category	As on 31 <sup>st</sup> March, 2016		As on 31 <sup>st</sup> March, 2015	
	No. of Equity Shares Held	% of Shareholding	No. of Equity Shares Held	% of Shareholding
NRIs/OCB	5,20,541	1.27	4,69,670	1.15
Bank of New York Mellon (for GDR Holders)	44,770	0.11	44,810	0.11
Domestic Companies	26,23,813	6.4	22,27,097	5.43
Trust	11,975	0.03	13,139	0.03
Resident Individuals	58,65,284	14.3	50,38,746	12.28
<b>Total</b>	<b>4,10,33,150</b>	<b>100.00</b>	<b>4,10,12,200</b>	<b>100.00</b>

### Dematerialisation of Shares

As of 31<sup>st</sup> March, 2016, 4,04,41,710 shares (98.56%) of total paid-up equity capital were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares are traded in the electronic form. Requests for dematerialisation of shares are generally processed and confirmed within 7 days.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

As of 31<sup>st</sup> March, 2016, outstanding GDR's represent 44,770 equity shares. Since the underlying equity shares represented by GDRs have been allotted in full, the outstanding GDRs have no impact on the equity share capital of the Company.

Mahindra Lifespace Developers Limited - Unclaimed Suspense Account

The unclaimed/undelivered shares lying in the possession of the Company are required to be dematerialized and transferred into a "Unclaimed Suspense Account" held by the Company. The Company had sent three reminder letters to such shareholders whose share certificates are returned undelivered and hence remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details, etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account." The Company has in March, 2014 transferred 49,854 such unclaimed shares to the "Mahindra Lifespace Developers Limited - Unclaimed Suspense Account". These shares are being credited to the aforesaid Suspense Account. Any corporate benefits in terms of securities accruing on such shares viz. bonus shares, split, etc., shall also be credited to such Demat Suspense Account. The Suspense Account shall be held by the Company on behalf of the allottees who are entitled for the shares and the shares held in such Suspense Account shall not be transferred in any manner whatsoever except for the purpose of allotting/delivering the shares as and when the shareholders approach the Company. The voting rights on such shares shall remain frozen till the rightful owner claims the shares. As and when the allottee

approaches the Company, the Company shall credit the shares lying in the Suspense Account to the demat account of the allottee to the extent of the allottee's entitlement, after proper verification of the identity of the allottee.

Details as of 31<sup>st</sup> March, 2016:

1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year (Shares being credited to the Suspense Account);	Number of shareholders: 3,158 Outstanding shares: 49,683
2	Number of shareholders who approached the issuer for transfer of shares from suspense account during the year;	No. of requests: 18 No. of shares: 479
3	Number of shareholders to whom shares were transferred from suspense account during the year;	No. of requests: 18 No. of shares: 479
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (shares being credited to the Suspense Account);	Number of shareholders: 3,140 Outstanding shares: 49,204

### Offices of the Company

#### Registered Office & Corporate Office

Mahindra Lifespace Developers Limited  
CIN: L45200MH1999PLC118949  
5<sup>th</sup> Floor, Mahindra Towers, Worli, Mumbai 400 018  
Tel: 022- 67478600/67478601

#### Mumbai Offices

- Chemtex House, Ground Floor, Main Street Road, Hiranandani Gardens, Powai, Mumbai 400 076  
Tel: 022- 66793191/66793190
- 301, 3<sup>rd</sup> floor, Building 1, Nirmal Galaxy Avior, LBS Marg, Mulund (W), Mumbai 400 080  
Tel: 022-65301520

#### NCR Offices

- Mahindra Towers, 2A, Bhikaiji Cama Place, New Delhi 110 066  
Tel: 011-26173787/26194977
- Gurgaon office: Khasra No. 12/19/2, 21/2 22/2 18/6 At Village Behrampur, Sector 59 Gurgaon, Haryana 122 001

#### Chennai Offices

- Administrative Block, Central Avenue, Mahindra World City, Natham Sub P.O., Chengalpeta, Kancheepuram 603002, Tamil Nadu  
Tel: 044-4940 0000
- The Canopy, I Floor, Unit.No-II, Mahindra World City, Special Economic Zone, Natham Sub P.O., Near Paranur Rly Station, Chengalpeta 603 002, Tamil Nadu.  
Tel: 044 4940 0050

**Pune Office**

- CTS6017, Pimpri-Nehru Nagar Road, Next to Dr. Beck Company, Pimpri, Pune 411 018, Maharashtra  
Tel: 020-65103374

**Hyderabad Office**

- Survey No. 78/2 & 78/3  
Next to Indu Fortune Fields, Kukatpally, Hyderabad 500 072  
Tel: 040-64600944

**Bangalore Office**

- 37/2A, Opp. to BPL Software Bannerghatta Road, Arakere Village, Bangalore 560 076

**Dubai Representative Office**

- M-1C, Mezzanine Floor, Sultan Business Centre, Next to Lamcy Plaza, P.O. Box 119373, Oud Metha, Dubai.

Shareholders may correspond with the Company at its Registered Office and/or with the Registrars and Share Transfer Agent, Karvy Computershare Private Limited at 24 B, Rajabhadur Mansion, Ground Floor, Ambalal Doshi Marg, Fort, Mumbai 400 023. Tel: 022-66235454/412/427  
Email Id: einward.ris@karvy.com.

**Compliance Officer**

Mr. Suhas Kulkarni, Company Secretary  
Mahindra Lifespace Developers Limited  
5<sup>th</sup> Floor, Mahindra Towers,  
Worli, Mumbai 400 018  
Tel: 022-67478600/67478601  
Fax: 022-24975084  
E-mail: kulkarni.suhas2@mahindra.com  
Company's investor email ID  
investor.mldl@mahindra.com  
Company's website  
www.mahindralifespaces.com

**Status of Investors Complaints received during the period 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016**

1	Number of complaints received from the investors comprising non-receipt of dividend, non-receipt of shares lodged for transfer, non-receipt of Annual Report, etc.	5
2	Number of complaints resolved	4
3	Complaints pending as at 31 <sup>st</sup> March, 2016	1*
4	Number of share transfers pending for approval as at 31 <sup>st</sup> March, 2016	Nil

\* The pending complaint was resolved on 13<sup>th</sup> April, 2016.

**10. DISCLOSURE OF ACCOUNTING TREATMENT**

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India, the

Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013 and the Rules framed thereunder.

**11. RELATED PARTY TRANSACTIONS**

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy has been uploaded on the website of the Company and is available at the link: <http://www.mahindralifespaces.com/investors/disclosuressebi>.

All related party transactions are entered into with prior approval of the Audit Committee.

During the financial year 2015-16, there were no materially significant related party transactions entered into between the Company and its Promoters, Directors or Key Managerial Personnel, Senior Management, or their relatives, subsidiaries, etc. that may have potential conflict with the interests of the Company at large. Details of Related Party transactions are presented in Note No. 39 to Annual Accounts.

**12. COMPLIANCE WITH MANDATORY REQUIREMENTS**

As of 31<sup>st</sup> March, 2016, the Company was fully compliant with all applicable mandatory requirements of the provisions of SEBI LODR

**13. NON-MANDATORY REQUIREMENTS**

The status of compliance with non-mandatory recommendations of Part E of Schedule II of SEBI LODR is provided below:

- Non-Executive Chairman's Office: The Company at its expense partially maintains office of the NonExecutive Chairman of the Company and reimburses expenses incurred in performance of his duties.
- Shareholders' Rights: As the quarterly, half yearly financial performance and summary of significant events in last six-months are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
- Audit Qualifications: The Company's financial statement for the financial year 2016 does not contain any audit qualification.
- Separate posts of Chairman and CEO: The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

**14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report (MDA) has been attached to the Directors' Report and forms part of this Annual Report.

**15. OTHER DISCLOSURES**

**Details of Non-compliance relating to Capital Markets during the past 3 years:**

The Company has complied with all requirements of Regulatory Authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market since the listing of the Company's equity shares. The Company has also complied with the requirements of Corporate Governance Report of sub Paras (2) to (10) mentioned in Para C of Schedule V of SEBI LODR and disclosed necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI LODR at the respective places in this report.

#### **Code for Prevention of Insider Trading Practices**

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has, on 30<sup>th</sup> April, 2014 approved the "Code for Prohibition of Insider Trading and to regulate, monitor and report trading by Insiders and designated persons" and "Code for Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" ("these Codes") which are effective from 15<sup>th</sup> May, 2015. The Code for Prohibition of Insider Trading and to regulate, monitor and report trading by Insiders and designated persons was further modified to align with the amendments/clarifications to the Regulations. These Codes supersede the Code of Conduct for Prevention of Insider Trading in shares of Mahindra Lifespace Developers Limited formulated under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

These Codes lay down guidelines, which advise them on procedures to be followed and disclosures to be made while dealing with shares of the Company and caution them of the consequences of violations. These Codes have been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional roles in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable.

#### **Risk Assessment and Minimization**

The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Presently, in terms of Regulation 21 of the SEBI LODR, the requirement of Risk Management Committee is not applicable to your Company. However, the Board has constituted Risk Management Committee comprising of two Directors and the Chief Financial Officer, for monitoring and reviewing of the risk assessment, mitigation and risk management

plan from time to time. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

#### **Foreign Exchange**

In compliance with the Reserve Bank of India guidelines, the Company proactively manages foreign exchange risk to protect value of exposures, if any, with an objective to manage financial statement volatility. Currently, the Company is only an importer and has in place appropriate risk hedging strategy. Foreign exchange exposures are periodically reviewed and if necessary, hedged while avoiding trading and speculative positions. The Board periodically review foreign exchange exposure, if any and hedges undertaken by the Company.

#### **Material Non-Listed Subsidiary Company**

The Company has formulated a "Policy for determining Material Subsidiaries" and such policy is uploaded on the Company's website and a web link for the same is: <http://www.mahindralifespaces.com/investors/disclosures-sebi>.

As of 31<sup>st</sup> March, 2016, none of the subsidiary company was a 'material non-listed subsidiary company' under Regulation 16(c) of SEBI LODR. However, based on the criteria specified in the 'Policy for determining material subsidiaries', Mahindra World City Developers Limited is a material non-listed subsidiary company effective 1<sup>st</sup> April, 2016.

The Audit Committee of the Company periodically reviews the financial statements of subsidiary companies and in particular, the investments made by the unlisted subsidiary company. The management periodically brings to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements, if any, entered into by the unlisted subsidiary company.

#### **Means of Communication**

The quarterly, half-yearly and yearly results are published in daily English and daily Marathi newspapers within prescribed timelines. The Company also informs stock exchanges in a prompt manner, about all price sensitive information or such other matters which in its opinion, are material and relevant to the shareholders and subsequently issues a press release on the said matters. Further, the Company has also been complying with the listing requirement for filing of its financial results with BSE and NSE. The Company's results, earnings call transcripts, corporate & investor presentations, news and press releases are displayed on the Company's website [www.mahindralifespaces.com](http://www.mahindralifespaces.com).

## Declaration on Codes of Conduct

As required by Regulation 34(3) read with Schedule V(D) of SEBI LODR, the Declaration on Codes of Conduct is given below:

To,  
The Members  
Mahindra Lifespace Developers Limited

I, Anita Arjundas, Managing Director & CEO of the Company declare that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Codes of Conduct of Board of Directors and Senior Management.

For and on behalf of the Board,  
For **Mahindra Lifespace Developers Limited**

**Anita Arjundas**  
Managing Director & Chief Executive Officer  
DIN: 00243215

Mumbai, 26<sup>th</sup> April, 2016

---

## Auditor's Certificate on Corporate Governance

To  
The Members of  
Mahindra Lifespace Developers Limited

We have examined the compliance of conditions of Corporate Governance by Mahindra Lifespace Developers Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2016 as stipulated in Clause 49 of the listing agreements of the Company with the National Stock Exchange Limited and BSE Limited ("Stock Exchanges"), Regulation 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") [collectively referred to as the "Corporate Governance Requirements"].

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above referred Corporate Governance Requirements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

**For B. K. Khare & Co.**

**Chartered Accountants**  
**Firm Registration Number**  
**105102W**

**Padmini Khare Kaicker**  
Partner  
Membership Number 44784

Mumbai, 10<sup>th</sup> June, 2016

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA LIFESPACE DEVELOPERS LIMITED

### Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of **MAHINDRA LIFESPACE DEVELOPERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of Sub-Section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- g. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. The Company did not have any derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and protection Fund by the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number: 105102W

**Padmini Khare Kaicker**  
Partner  
Membership Number: 44784

Mumbai  
Dated: 26<sup>th</sup> April, 2016

**ANNEXURE “A” TO THE AUDITOR’S REPORT**

**Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Lifespace Developers Limited for the year ended 31<sup>st</sup> March, 2016**

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
- (iii) The title deeds of immovable properties are held in the name of the Company.
2. (i) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. According to the information and explanations given to us the Company has granted unsecured loans, to 4 companies covered in the register maintained under Section 189 of the Companies Act, 2013 aggregating INR 38.89 crore at 31<sup>st</sup> March, 2016.
  - (i) The terms and conditions of the grant of such loans are not prejudicial to the company’s interest.
  - (ii) The above mentioned loans are given for tenure of 5 years repayable on 31<sup>st</sup> March, 2019 with certain repayment options available to the parties. These options have not been exercised by the parties upto 31<sup>st</sup> March, 2016. There are no specific terms mentioned for payment of interest.
  - (iii) In view of above, there is no overdue of principal and interest in respect of such loans.
4. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013, and the rules framed thereunder.
6. As informed to us, the maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company

pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

7. (i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it. The provisions of Excise Duty are not applicable to the operations of the Company.
- (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year end for a period of more than six months from the date they became payable.
- (iii) According to the information and explanations given to us, dues of income-tax, sales tax, service tax, customs duty and work contract tax:

Sr. No.	Assessment Year	Nature of Dues	Amount ₹ in lakh	Forum where case is pending
1	2005-06	Income Tax - Penalty	28.74	Income Tax Appellate Tribunal
2	2011-12	Income Tax	62.17	Commissioner of Income Tax (Appeals)
3	2006-07	Service Tax	67.70	Chennai III Comm.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or repayment of dues to debenture holders.
9. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which those are raised.
10. Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the year.
11. Managerial remuneration paid is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.



12. The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us all transactions with related parties during the year are in compliance with sections 177 and 188 of Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence provisions of para 3(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence provisions of para 3(xv) are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence provisions of para 3(xvi) of the Order are not applicable to the Company.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.: 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 44784

Mumbai  
Dated: 26<sup>th</sup> April, 2016

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT of Even Date on the Standalone Financial Statements of Mahindra Lifespace Developers Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Mahindra Lifespace Developers Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.: 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 44784

Mumbai  
Dated: 26<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Notes	Current Year ₹ in lakh	Previous Year ₹ in lakh
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital .....	2	4,103.32	4,101.22
Reserves & Surplus .....	3	1,35,991.17	1,28,212.27
		<u>1,40,094.49</u>	<u>1,32,313.49</u>
<b>Non Current Liabilities</b>			
Long-Term Borrowings .....	4	37,500.00	50,000.00
Deferred Tax Liability (Net) .....	5	95.51	44.53
Long-Term Provisions .....	6	6,014.44	10,454.18
		<u>43,609.95</u>	<u>60,498.71</u>
<b>Current Liabilities</b>			
Short-Term Borrowings .....	7	19,147.12	–
Trade Payables .....	8	23,980.88	16,312.32
Other Current Liabilities .....	9	26,804.00	10,455.63
Short-Term Provisions .....	10	3,569.51	3,819.33
		<u>73,501.51</u>	<u>30,587.28</u>
<b>TOTAL</b> .....		<u><u>2,57,205.95</u></u>	<u><u>2,23,399.48</u></u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
Tangible Assets .....	11	2,870.73	2,980.20
Capital work-in-progress .....		70.21	–
		<u>2,940.94</u>	<u>2,980.20</u>
Non-Current Investments .....	12	57,339.79	57,339.79
Long-Term Loans & Advances .....	13	5,882.37	27,362.21
Other Non-Current Assets .....	14	75.88	111.44
<b>TOTAL</b> .....		<u><u>66,238.98</u></u>	<u><u>87,793.64</u></u>
<b>Current Assets</b>			
Current Investments .....	15	20,091.64	–
Inventories .....	16	1,07,997.18	78,932.66
Trade Receivables .....	17	5,131.64	1,552.42
Cash & Bank Balances .....	18	14,578.68	4,165.27
Short-term loans and advances.....	19	21,081.45	28,540.05
Other Current Assets .....	20	22,086.37	22,415.44
		<u>1,90,966.96</u>	<u>1,35,605.84</u>
<b>TOTAL</b> .....		<u><u>2,57,205.95</u></u>	<u><u>2,23,399.48</u></u>
Summary of significant accounting policies	1		
The accompanying notes are an integral part of these financial statements.			

As per our Report attached hereto

For and on behalf of

**B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**Padmini Khare Kaicker**

Partner

Membership No.: 44784

Mumbai, 26<sup>th</sup> April, 2016**Suhas Kulkarni**

Company Secretary

FCS: 2427

**Jayant Manmadkar**

Chief Financial Officer

Mumbai, 26<sup>th</sup> April, 2016

For and on behalf of the Board

**Arun Nanda**

Chairman – DIN 00010029

**Anish Shah**

Director – DIN 02719429

**Sanjiv Kapoor**

Director – DIN 00004005

**Shailesh Haribhakti**

Director – DIN 00007347

**Prakash Hebalkar**

Director – DIN 00370499

**Anita Arjundas**

Managing Director

&amp; CEO – DIN 00243215

Mumbai, 26<sup>th</sup> April, 2016

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Notes	Current Year ₹ lakh	Previous Year ₹ in lakh
<b>INCOME</b>			
Income from Operations .....	21	<b>50,297.36</b>	62,401.30
Other Income .....	22	<b>9,718.14</b>	13,602.41
Total Income .....		<b>60,015.49</b>	76,003.71
<b>EXPENDITURE</b>			
Operating Expenses .....	23	<b>34,575.23</b>	29,894.15
Employee Benefit Expenses .....	24	<b>5,373.58</b>	4,518.20
Administration & Other Expenses .....	25	<b>3,219.26</b>	5,364.29
Finance Costs .....	26	<b>2,259.12</b>	2,181.66
Depreciation & Amortization Expenses .....	11	<b>414.30</b>	274.40
		<b>45,841.49</b>	42,232.70
Profit before Taxation and Exceptional item .....		<b>14,174.00</b>	33,771.01
Exceptional Item .....		-	-
<b>Profit before tax</b> .....		<b>14,174.00</b>	33,771.01
Less:			
Provision for Current Taxation .....		<b>3,673.90</b>	10,134.38
Provision for Deferred Taxation .....		<b>50.83</b>	307.06
Net tax expense/(benefit) .....		<b>3,724.73</b>	<b>10,441.44</b>
<b>Profit for the year after Tax</b> .....		<b>10,449.27</b>	23,329.57
<b>Earnings per equity Share of face value of ₹ 10 each</b>			
Basic Earnings Per Share (₹) .....	41	<b>25.47</b>	56.94
Diluted Earnings Per Share (₹) .....		<b>25.38</b>	56.70
Summary of significant accounting policies	1		

As per our Report attached hereto

For and on behalf of

**B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**Padmini Khare Kaicker**

Partner

Membership No.: 44784

Mumbai, 26<sup>th</sup> April, 2016

**Suhas Kulkarni**

Company Secretary

FCS: 2427

**Jayant Manmadkar**

Chief Financial Officer

Mumbai, 26<sup>th</sup> April, 2016

For and on behalf of the Board

**Arun Nanda**

Chairman – DIN 00010029

**Anish Shah**

Director – DIN 02719429

**Sanjiv Kapoor**

Director – DIN 00004005

**Shailesh Haribhakti**

Director – DIN 00007347

**Prakash Hebalkar**

Director – DIN 00370499

**Anita Arjundas**

Managing Director

& CEO – DIN 00243215

Mumbai, 26<sup>th</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
<b>A. Cash flow from operating activities</b>		
<b>Net Profit Before Tax</b> .....	<b>14,174.00</b>	33,771.01
Adjustments for:		
Depreciation .....	<b>414.30</b>	274.40
Provision for diminution in value of investments .....	-	1,850.63
Provision for Doubtful debts .....	-	483.99
Profit on sale of current investments .....	-	33.13
Amortisation of expenses .....	<b>118.71</b>	117.69
Interest Income .....	<b>(8,215.40)</b>	(8,752.09)
Provision for Losses Write Back .....	-	(1,552.04)
Interest Expenses .....	<b>2,259.12</b>	2,181.66
Dividend Income .....	<b>(1,070.83)</b>	(2,638.69)
(Profit)/Loss on sale of Fixed assets (net) .....	<b>(0.25)</b>	11.39
<b>Operating Profit Before Working Capital Changes</b> .....	<b>7,679.66</b>	25,781.08
Adjustments for:		
Trade and Other Receivables .....	<b>(5.53)</b>	(2,967.46)
Inventories .....	<b>(26,801.99)</b>	(11,727.35)
Trade Payables and Other Liabilities .....	<b>7,196.85</b>	6,825.24
<b>Cash Generated from Operations</b> .....	<b>(11,931.00)</b>	17,911.51
Income taxes (paid)/received .....	<b>(4,144.06)</b>	(9,260.51)
<b>Net Cash from operating activities</b> .....	<b>(16,075.07)</b>	8,651.00
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets .....	<b>(392.80)</b>	(432.03)
Proceeds from sale of Fixed Assets .....	<b>18.01</b>	13.87
Proceeds/(Investments) in others (Net) .....	<b>(20,091.64)</b>	9,336.44
Proceeds/(Investment) in subsidiaries .....	-	8,350.62
Interest received .....	<b>12,244.08</b>	4,243.37
Dividend received .....	<b>1,070.83</b>	2,638.69
Deposits/Advances with Companies.....	<b>21,786.84</b>	(3,935.70)
<b>Net Cash (used in)/from investing activities</b> .....	<b>14,635.32</b>	20,215.27

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (Contd.)**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
<b>C. Cash flow from financing activities</b>		
Increase in borrowings .....	19,147.12	–
Repayment of Loan .....	–	(19,565.63)
Interest paid .....	(4,508.51)	(4,075.36)
Dividend Paid.....	(2,797.59)	(5,380.47)
Issue of share capital.....	2.10	16.38
Share Premium Proceeds .....	10.03	565.86
<b>Net Cash used in financing activities .....</b>	<b>11,853.15</b>	<b>(28,439.22)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents .....</b>	<b>10,413.41</b>	<b>427.05</b>
<b>Cash and Cash Equivalents (Opening) .....</b>	<b>3,494.70</b>	<b>3,067.65</b>
<b>Cash and Cash Equivalents (Closing) .....</b>	<b>13,908.11</b>	<b>3,494.70</b>

As per our Report attached hereto

For and on behalf of

**B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**Padmini Khare Kaicker**

*Partner*

Membership No.: 44784

Mumbai, 26<sup>th</sup> April, 2016

**Suhas Kulkarni**

Company Secretary

FCS: 2427

**Jayant Manmadkar**

Chief Financial Officer

Mumbai, 26<sup>th</sup> April, 2016

For and on behalf of the Board

**Arun Nanda**

*Chairman – DIN 00010029*

**Anish Shah**

*Director – DIN 02719429*

**Sanjiv Kapoor**

*Director – DIN 00004005*

**Shailesh Haribhakti**

*Director – DIN 00007347*

**Prakash Hebalkar**

*Director – DIN 00370499*

**Anita Arjundas**

*Managing Director*

*& CEO – DIN 00243215*

Mumbai, 26<sup>th</sup> April, 2016

**Notes to the Financial Statements as at and for the year ended 31<sup>st</sup> March, 2016****1) SIGNIFICANT ACCOUNTING POLICIES:****a) Basis of Preparation:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards applicable under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**b) Presentation and Disclosure of Financial Statements:**

Assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

**c) Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates.

**d) Fixed Assets:**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre operation expenses and interest in case where the asset takes a substantial period of time to be ready for its intended use.

The carrying amount of cash generating units/assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below: Lease hold improvements are amortised over the period of lease/estimated period of lease.

Plant & Machinery includes Plant and Machinery used in civil construction – Others and amortised over a period of 5 years.

Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company.

Sales office and the sample flat/show unit cost at site is amortised over 5 years or the duration of the project (as estimated by management) whichever is lower.

**e) Intangible Assets:**

All Intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the assets' economic benefits are consumed.

Software expenses are treated as an intangible asset and amortised over the useful life of the asset. The maximum period for such amortization is 36 months.

**f) Investments:**

Investments are classified into Non-Current and Current Investments.

Non-current investments are carried at cost less diminution other than temporary. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current Investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

**g) Inventories:**

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

**h) Revenue Recognition:**Income from Projects

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Up to 31<sup>st</sup> March, 2012, revenue from real estate projects is recognized only when actual project cost incurred is atleast 25% of the total estimated project costs including land and when atleast 10% of the sales consideration is received.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, in case of projects commencing on or after 1<sup>st</sup> April 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1<sup>st</sup> April 2012, revenues will be recognized from these real estate projects only when:

- i. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- ii. when at least 10% of the sales consideration is realised and
- iii. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Income from long term contracting assignments is also recognised on the percentage of completion basis. As the long term contracts necessarily extend beyond one year, revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known. Any expected loss on a project is recognised in the year in which costs incurred together with the balance costs to completion are likely to be in excess of the estimated revenues from project. Unbilled costs are carried as construction work-in-progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

Income from sale of land and other rights

Revenue from sale of land and other rights are considered upon transfer of all significant risks and rewards of ownership of such real estate/property as per the terms of the contract entered into with the buyers, which generally with the firmity of the sale contracts/agreements.

Income from Project Management

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/agreement. Where the fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

Income from operation of commercial complexes is recognised over the tenure of the lease/service agreement.

Interest and dividend income

Interest income is accounted on an accrual basis at contracted rates except where there is uncertainty of ultimate collection. Dividend income is recognised when the right to receive the same is established.

**i) Employee benefits:**

(i) Defined contribution Plans

Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund are recognised in the Statement of Profit and Loss.

(ii) Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

**j) Borrowing Costs:**

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

**k) Provision for taxation:**

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized except in case of deferred tax asset arising from unabsorbed depreciation, brought forward tax losses and items relating to capital losses wherein deferred tax asset is only recognized when there is virtual certainty. The carrying amount of deferred tax is reviewed at each balance sheet date.

**l) Segment Information:**

The Company operates in two main segments; namely "Projects, Project Management and Development activities" and "Operating of commercial complexes". The segments have been identified and reported taking into account the differing risks and returns and the internal business reporting systems. Revenues and expenses have been identified to the segments based on their relationship to the business activity of the segment. Income/expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income/expenses.

**m) Provisions and Contingent Liabilities:**

Provisions are recognized in the financial statements in respect of a present obligation arising from a past event, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**n) Employee stock compensation costs:**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

**2) Share Capital:**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
<b>Authorised</b>		
11,50,00,000 (Previous year 11,50,00,000) Equity Shares of ₹ 10 each	11,500.00	11,500.00
60,00,000 (Previous year 60,00,000) Unclassified Shares of ₹ 10 each	600.00	600.00
	<b>12,100.00</b>	<b>12,100.00</b>
<b>Issued</b>		
4,10,74,001 (Previous year 4,10,53,051) Equity Shares of ₹ 10 each	4,107.40	4,105.31
	<b>4,107.40</b>	<b>4,105.31</b>
<b>Subscribed and Paid-up</b>		
4,10,33,150 (Previous year 4,10,12,200) Equity Shares of ₹ 10 each fully paid up	4,103.32	4,101.22
	<b>4,103.32</b>	<b>4,101.22</b>

**a) Reconciliation of number of shares**

	Current Year		Previous Year	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
<b>Equity Shares</b>				
Balance as at the beginning of the year .....	4,10,12,200	4,101.22	4,08,48,350	4,084.84
Add: Shares Issued (earlier kept in abeyance) .....	-	-	-	-
Add: Stock Options exercised during the year .....	20,950	2.10	1,63,850	16.38
Balance as at the end of the year .....	4,10,33,150	4,103.32	4,10,12,200	4,101.22

**b) Equity Shares:** The Company has issued one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share.

**c) Shares held by holding company**

	Current Year		Previous Year	
	No. of Shares	% holding	No. of Shares	% holding
Mahindra & Mahindra Limited	2,08,46,126	50.80%	2,08,46,126	50.83%

Other than the above shares, no shares are held by any subsidiaries or associates of the holding company.



**d) Details of shares held by shareholders including Holding Company, holding more than 5% of the aggregate shares in the Company**

Equity Shares	Current Year		Previous Year	
	No. of Shares	% holding	No. of Shares	% holding
Mahindra & Mahindra Limited (Holding Company).....	2,08,46,126	50.80%	2,08,46,126	50.83%
Amansa Investments Limited.....	23,41,170	5.71%	25,05,170	6.11%
Small Cap World Fund, INC.....	21,57,380	5.26%	21,57,380	5.26%

**e) Shares reserved for issue under options**

The Company has 5,58,380 (Previous Year 5,58,430) equity shares of ₹ 10/- each reserved for issue under options [Refer Note 24(b)].

**f)** The allotment of 40,851 (Previous Year 40,851) equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956 (Section 126 of the Companies Act 2013), till such time as the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).

**3) Reserves & Surplus**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
<b><u>Capital Redemption Reserve</u></b>		
Balance as at the beginning of the year.....	7,353.58	7,353.58
Add:- Transfer from Profit & Loss Account.....	-	-
Balance as at the end of the year..... (A)	7,353.58	7,353.58
<b><u>Debenture Redemption Reserve</u></b>		
Balance as at the beginning of the year.....	6,270.83	3,135.42
Add:- Transfer from Profit & Loss Account.....	3,135.42	3,135.41
Balance as at the end of the year..... (B)	9,406.25	6,270.83
<b><u>Share Premium Account</u></b>		
Balance as at the beginning of the year.....	58,112.18	57,428.01
Add: Premium on shares issued during the year.....	74.26	684.17
Balance as at the end of the year..... (C)	58,186.44	58,112.18
<b><u>General Reserve</u></b>		
Balance as at the beginning of the year.....	7,299.49	4,966.53
Add:- Transfer from Profit & Loss Account.....	-	2,332.96
Balance as at the end of the year..... (D)	7,299.49	7,299.49
<b><u>Share options outstanding account</u></b>		
A) Employee Stock Option Outstanding:		
Balance as at the beginning of the year.....	560.32	541.98
Add: Grant of options during the year.....	150.48	136.65
Less: Amount transferred to Securities premium/Options Lapsed.....	(63.81)	(118.31)

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Balance as at the end of the year .....	646.99	560.32
Less:		
B) Deferred Employee Compensation Expenses:		
Balance as at the beginning of the year .....	284.04	298.60
Add: Grant of options during the year.....	150.48	136.65
Less: Transfer to Employee Benefits Expenses/Options Lapsed .....	(118.71)	(151.21)
Balance as at the end of the year .....	315.81	284.04
Balance as at the end of the year..... (E)	331.18	276.28

**Surplus in Statement of Profit and Loss**

Balance as at the beginning of the year.....	48,899.91	36,519.49
Profit for the year.....	10,449.27	23,329.57
Less: Appropriations		
Proposed Dividend on Equity Shares...	2,462.16	2,469.61
Tax on proposed dividend.....	336.95	502.46
Depreciation adjustment (Net of Deferred Tax Adjustment).....	-	6.05
Interim Dividend On Equity Shares ....	-	2,459.78
Tax on Interim Dividend.....	-	42.88
Transfer to Debenture Redemption Reserve.....	3,135.42	3,135.41
Transfer to General Reserve.....	-	2,332.96
Balance as at the end of the year..... (F)	53,414.65	48,899.91
	1,35,991.17	1,28,212.27

**4) Long Term Borrowings**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Secured Loans.....	37,500.00	50,000.00
	37,500.00	50,000.00

**# Non Convertible Debentures**

The terms and conditions of the Secured Non-Convertible Debentures issued by the Company are summarized below:-

Series	I	II	III
Face Value of Debentures (₹ lakh)	12,500.00	17,500.00	20,000.00
Total Redemption Amount (₹ lakh)	4,498.71	2,290.30	3,455.65
Rate of Interest Payable Annually	0%	8%	8%
Maturity Date	4 <sup>th</sup> April 2016	4 <sup>th</sup> April 2017	4 <sup>th</sup> April 2018

The above debentures are secured by an exclusive charge over all assets, including Land & building as identified by the Company from time to time.

At present the identified assets are land owned by the Company which is accounted as a part of Construction Work in Progress and land owned by its Subsidiary Mahindra Integrated Township Limited.

Series I Debentures of face value ₹ 12,500 lakh are getting matured on 4<sup>th</sup> April 2016 and hence they form part of Other Current Liabilities.

As it stands today on the date of approval of accounts, the same along with its redemption amount has already been repaid on the due date on 4<sup>th</sup> April 2016.

**5) Deferred Tax Asset/Liability (Net)**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Deferred Tax Liability		
Relating to:		
Difference between book and tax depreciation .....	604.87	614.15
Less: Transition Adjustment .....	-	(3.12)
	<u>604.87</u>	<u>611.03</u>
Deferred Tax Asset		
Relating to:		
Expenses allowable on actual payment .....	509.36	566.50
	<u>509.36</u>	<u>566.50</u>
Deferred Tax Liability(Net) .....	<u>95.51</u>	<u>44.53</u>
Deferred Tax Asset(Net) .....	<u>-</u>	<u>-</u>

**6) Long Term Provisions**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Provision for Employee benefits		
Gratuity [Refer note no.24(a)] .....	108.44	121.64
Compensated absences .....	160.06	87.89
Provision for Premium on redemption of debentures.....	5,745.94	10,244.65
	<u>6,014.44</u>	<u>10,454.18</u>

**7) Short Term Borrowings**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Secured Loans		
From Bank .....	12,147.12	-
Unsecured Loans		
From Bank .....	7,000.00	-
	<u>19,147.12</u>	<u>-</u>

**Secured Loan**

**Nature of Security**

Short Term Loan/Working Capital Demand Loan and Cash Credit/Overdraft facility. The Short Term Loan/WCDL is secured by exclusive mortgage charge on immovable properties of the company while Cash Credit/Overdraft is secured by first hypothecation charge on all existing and future current assets of the company.

**Terms of Repayment**

Rate of interest is base rate plus 0.20% (presently 9.70%p.a). Cash Credit/Overdraft facility is repayable on demand from bank.

**Unsecured Loan**

Includes Short Term Loan from bank for working capital purposes.

**8) Trade Payables**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Trade Payables - Others.....	23,980.88	16,312.32
	<u>23,980.88</u>	<u>16,312.32</u>

Based on the information available with the Company there are no dues outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date.

**9) Other Current Liabilities**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Current Maturity of Long Term Borrowings.....	12,500.00	-
Premium on redemption of debentures .....	4,498.71	-
Advances and Deposits .....	5,401.72	5,001.15
Unclaimed Dividends.....	112.62	103.24
Interest accrued but not due .....	2,993.64	2,975.34
Other Liabilities .....	1,297.31	2,375.90
	<u>26,804.00</u>	<u>10,455.63</u>

a) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

**10) Short Term Provisions**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Provision for Employee benefits		
- Gratuity [Refer note 24(a)] .....	5.59	37.24
- Compensated absences .....	182.48	286.17
Others		
Defect Liabilities/Warranties@ .....	418.23	534.23
Proposed Dividend .....	2,462.00	2,460.73
Provision for tax on Proposed Dividend .....	501.21	500.96
	<u>3,569.51</u>	<u>3,819.33</u>

@The movement in provisions for defect liability is as follows:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Balance as on 1 <sup>st</sup> April .....	534.23	339.51
Add: Provision made during the year...	440.48	209.56
Less: Provision reversed .....	525.00	-
Less: Utilisation during the year .....	31.48	14.84
Balance as on 31 <sup>st</sup> March .....	<u>418.23</u>	<u>534.23</u>

## 11) Fixed Assets

₹ in lakh

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 31 <sup>st</sup> March, 2015	Additions	Deductions/ Adjustments	As at 31 <sup>st</sup> March, 2016	Up to 31 <sup>st</sup> March, 2015	Deductions/ Adjustments	Depreciation Adjustment *	For the Year	Up to 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Tangible Assets:</b>											
Land	44.27	–	–	<b>44.27</b>	–	–	–	–	–	<b>44.27</b>	44.27
Buildings											
– Owned	353.61	–	–	<b>353.61</b>	83.45	–	–	143.26	<b>226.71</b>	<b>126.90</b>	270.16
– Given Under Operating Lease	2,955.17	–	–	<b>2,955.17</b>	1,024.35	–	–	–	<b>1,024.35</b>	<b>1,930.82</b>	1,930.82
Furniture & Fixtures	118.69	146.12	–	<b>264.81</b>	66.00	–	–	15.85	<b>81.85</b>	<b>182.96</b>	52.69
Plant & Machinery	186.71	9.44	–	<b>196.15</b>	155.49	–	–	12.25	<b>167.74</b>	<b>28.41</b>	31.22
Computers	507.64	56.44	6.51	<b>557.57</b>	374.57	6.50	–	84.05	<b>452.12</b>	<b>105.45</b>	133.07
Vehicles	374.02	110.59	32.61	<b>452.00</b>	127.62	14.86	–	122.25	<b>235.01</b>	<b>216.99</b>	246.40
Leasehold improvements	452.09	–	–	<b>452.09</b>	180.52	–	–	36.64	<b>217.16</b>	<b>234.93</b>	271.57
<b>SUB TOTAL</b>	<b>4,992.20</b>	<b>322.59</b>	<b>39.12</b>	<b>5,275.67</b>	<b>2,012.00</b>	<b>21.36</b>	<b>–</b>	<b>414.30</b>	<b>2,404.94</b>	<b>2,870.73</b>	<b>2,980.20</b>
<i>Previous Year</i>	<i>4,612.91</i>	<i>432.03</i>	<i>52.74</i>	<i>4,992.20</i>	<i>1,756.14</i>	<i>27.70</i>	<i>9.16</i>	<i>274.40</i>	<i>2,012.00</i>	<i>2,980.20</i>	<i>2,856.77</i>
<b>Intangible assets:</b>											
Software	289.52	–	–	<b>289.52</b>	289.52	–	–	–	<b>289.52</b>	–	–
<b>SUB TOTAL</b>	<b>289.52</b>	<b>–</b>	<b>–</b>	<b>289.52</b>	<b>289.52</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>289.52</b>	<b>–</b>	<b>–</b>
<i>Previous Year</i>	<i>289.52</i>	<i>–</i>	<i>–</i>	<i>289.52</i>	<i>289.52</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>289.52</i>	<i>–</i>	<i>–</i>
<b>Total</b>	<b>5,281.72</b>	<b>322.59</b>	<b>39.12</b>	<b>5,565.19</b>	<b>2,301.49</b>	<b>21.36</b>	<b>–</b>	<b>414.30</b>	<b>2,694.46</b>	<b>2,870.73</b>	<b>2,980.20</b>
<i>Previous year total</i>	<i>4,902.43</i>	<i>432.03</i>	<i>52.74</i>	<i>5,281.72</i>	<i>2,045.66</i>	<i>27.70</i>	<i>9.16</i>	<i>274.40</i>	<i>2,301.52</i>	<i>2,980.20</i>	<i>2,856.77</i>
<b>Capital Work In Progress</b>										<b>70.21</b>	–
										<b>2,840.94</b>	<b>2,980.20</b>

\*Depreciation adjustment in previous year was due to change in useful life as prescribed in Schedule II to the Companies Act, 2013.

## Fixed Assets (Previous Year)

₹ in lakh

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 31 <sup>st</sup> March, 2014	Additions	Deductions/ Adjustments	As at 31 <sup>st</sup> March, 2015	Up to 31 <sup>st</sup> March, 2014	Deductions/ Adjustments	Depreciation Adjustment *	For the Year	Up to 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Tangible Assets:</b>											
Land	44.27	–	–	<b>44.27</b>	–	–	–	–	–	<b>44.27</b>	44.27
Buildings											
– Owned	164.06	189.55	–	<b>353.61</b>	24.55	–	–	58.90	<b>83.45</b>	<b>270.16</b>	139.50
– Given Under Operating Lease	2,955.17	–	–	<b>2,955.17</b>	1,012.13	–	–	12.22	<b>1,024.35</b>	<b>1,930.82</b>	1,943.04
Furniture & Fixtures	116.14	2.55	–	<b>118.69</b>	60.21	–	–	5.79	<b>66.00</b>	<b>52.69</b>	55.93
Plant & Machinery	176.04	10.67	–	<b>186.71</b>	141.82	–	–	13.67	<b>155.49</b>	<b>31.22</b>	34.59
Computers	414.85	96.09	3.30	<b>507.64</b>	268.41	3.55	9.16	100.55	<b>374.57</b>	<b>133.07</b>	145.94
Vehicles	352.98	70.48	49.44	<b>374.02</b>	96.21	24.15	–	55.57	<b>127.62</b>	<b>246.40</b>	256.91
Leasehold improvements	389.40	62.69	–	<b>452.09</b>	152.81	–	–	27.71	<b>180.52</b>	<b>271.57</b>	236.59
<b>SUB TOTAL</b>	<b>4,612.91</b>	<b>432.03</b>	<b>52.74</b>	<b>4,992.20</b>	<b>1,756.14</b>	<b>27.70</b>	<b>9.16</b>	<b>274.41</b>	<b>2,012.00</b>	<b>2,980.20</b>	<b>2,856.77</b>
<i>Previous Year</i>	<i>4,093.48</i>	<i>634.34</i>	<i>114.91</i>	<i>4,612.91</i>	<i>1,618.81</i>	<i>94.62</i>	<i>–</i>	<i>231.95</i>	<i>1,756.14</i>	<i>2,856.77</i>	<i>2,474.69</i>
<b>Intangible assets:</b>											
Software	289.52	–	–	<b>289.52</b>	289.52	–	–	–	<b>289.52</b>	–	–
<b>SUB TOTAL</b>	<b>289.52</b>	<b>–</b>	<b>–</b>	<b>289.52</b>	<b>289.52</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>289.52</b>	<b>–</b>	<b>–</b>
<i>Previous Year</i>	<i>289.52</i>	<i>–</i>	<i>–</i>	<i>289.52</i>	<i>289.52</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>289.52</i>	<i>–</i>	<i>–</i>
<b>Total</b>	<b>4,902.43</b>	<b>432.03</b>	<b>52.74</b>	<b>5,281.72</b>	<b>2,045.66</b>	<b>27.70</b>	<b>9.16</b>	<b>274.41</b>	<b>2,301.52</b>	<b>2,980.20</b>	<b>2,856.77</b>
<i>Previous year total</i>	<i>4,383.00</i>	<i>634.34</i>	<i>114.91</i>	<i>4,902.43</i>	<i>1,908.33</i>	<i>94.62</i>	<i>–</i>	<i>231.95</i>	<i>2,045.66</i>	<i>2,856.77</i>	<i>2,474.69</i>
<b>Capital Work In Progress</b>										–	–
										<b>2,980.20</b>	<b>2,856.77</b>

\* Depreciation adjustment is due to change in useful life as prescribed in Schedule II to the Companies Act, 2013

- a) There is debit to retained earnings of ₹ 6.05 lakh (net of deferred tax) for the asset whose remaining life on 1<sup>st</sup> April, 2014 is reduced to NIL, in accordance with revised life as considered by management.
- b) The depreciation charge for the year ended 31<sup>st</sup> March, 2015 is higher by ₹ 45.45 lakh.

12) Non Current Investments

	Face Value ₹	Number of shares	Current Year ₹ in lakh	Previous Year ₹ in lakh
<b>Trade, Unquoted (At Cost)</b>				
<b>Equity Shares</b>				
<b>In Subsidiary Companies</b>				
Mahindra Infrastructure Developers Limited	10	1,80,00,000	1,800.00	1,800.00
Mahindra World City Developers Limited	10	1,77,99,999	3,886.54	3,886.54
Mahindra World City (Jaipur) Limited	10	11,10,00,000	11,100.00	11,100.00
Mahindra World City (Maharashtra) Limited	10	11,70,400	117.04	117.04
Mahindra Integrated Township Limited	10	3,70,00,000	3,700.00	3,700.00
Knowledge Township Limited	10	2,10,00,000	2,100.00	2,100.00
Mahindra Bebanco Developers Limited	10	35,000	3.50	3.50
Industrial Township (Maharashtra) Limited	10	50,00,000	500.00	500.00
Industrial Cluster Private Limited (Earlier Known as Mahindra Housing Private Limited)	10	50,000	5.00	5.00
Raigad Business and Industrial Park limited	10	1,10,000	11.00	11.00
Anthurium Developers Limited	10	50,000	5.00	5.00
<b>In Joint Venture</b>				
Mahindra Homes Private Limited Company (Earlier Known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)				
Class A Equity Shares	10	2,05,628	20.56	20.56
Class C Equity Shares	10	389	0.04	0.04
			<b>23,248.68</b>	<b>23,248.68</b>
<b>In Associates</b>				
Topical Builders Private Limited	10	175	0.02	0.02
Kismat Developers Private Limited	10	15	0.00	0.00
			<b>0.02</b>	<b>0.02</b>
<b>In Others</b>				
Deepmangal Developers Private Limited	100	177	284.61	284.61
New Tirupur Area Development Corporation Limited	10	5,00,000	50.63	50.63
Mahindra Knowledge Park (Mohali) Limited	10	6	0.00	0.00
			<b>335.24</b>	<b>335.24</b>
<b>Preference Shares</b>				
<b>In Subsidiary Companies</b>				
Mahindra World City Jaipur Limited (8% Redeemable Cumulative Preference Shares)	10	3,70,00,000	3,700.00	3,700.00
			<b>3,700.00</b>	<b>10,200.00</b>
<b>In Joint Venture</b>				
Mahindra Homes Private Limited (Earlier Known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)				
(0.01% Optionally Convertible Redeemable Preference Shares)	10	1	0.00	0.00
			<b>0.00</b>	<b>0.00</b>
<b>In Associates</b>				
Topical Builders Private Limited (8.5% Non-cumulative Redeemable Preference Shares)	10	4,825	0.48	0.48
Kismat Developers Private Limited (8.5% Non-cumulative Redeemable Preference Shares)	10	4,985	0.50	0.50
			<b>0.98</b>	<b>0.98</b>

	Face Value ₹	Number of shares	Current Year ₹ in lakh	Previous Year ₹ in lakh
<b>In Others</b>				
Mahindra Knowledge Park (Mohali) Limited (7% Non Cumulative Redeemable Participating Optionally Convertible Preference Shares)			0.00	0.00
Moonshine Construction Private Limited (7% Non-Cumulative Redeemable Participating Optionally Convertible Preference Shares)	10	5,000	0.50	0.50
			<u>0.50</u>	<u>0.50</u>
<b>Debentures</b>				
<b>In Joint Venture</b>				
Mahindra Homes Private Limited (Earlier Known as Watsonia Developers Private Limited and before that Watsonia Developers Limited) (17.65% Optionally Convertible Debentures)	100	3,20,17,000	32,017.00	32,017.00
			<u>32,017.00</u>	<u>32,017.00</u>
			59,302.42	59,302.42
			<u>(1,962.63)</u>	<u>(1,962.63)</u>
			<u>57,339.79</u>	<u>57,339.79</u>
Less : Provision for diminution in value of investments				

- a) The Company's investment in the equity shares of New Tirpur Area Development Corporation Limited ("NTADCL") aggregates ₹ 1,550.63 lakh comprising ₹ 50.63 lakh invested directly by the Company and ₹ 1,500 lakh by its wholly owned subsidiary Mahindra Infrastructure Developers Limited ("MIDL"). Other than the investment in NTADCL, MIDL has no other operations. The net worth of NTADCL and MIDL is substantially eroded.

NTADCL was exploring the option of supplying industrial water to a textile park proposed to be set up by the state government of Karnataka which would have contributed substantially to its revenues. Consequent, to the finalization of the financial statements for the year ended 31st March, 2014 it was expected that there were likely to be delays in setting up the same and the probability of the whole project being set up was significantly lower as compared to the previous year. As a result, MIDL during the previous year has made a provision for diminution of its investment in NTADCL of ₹ 1,500 lakh. The Company has also made a provision for diminution of its investment in MIDL of ₹ 1,800 lakh and ₹ 50.63 lakh of its investment in NTADCL in previous year ending 31st March, 2015.

**13) Long Term Loans & advances**

(Unsecured, considered good, unless otherwise stated)	Current Year ₹ in lakh	Previous Year ₹ in lakh
Loans and advances to related parties		
- Considered good* .....	3,681.56	25,631.56
- Considered doubtful .....	-	-
Advance payment of Income tax (net of Provision for tax ₹ 36,659.28 lakh (Previous year ₹ 32,987.63 lakh) .....	2,200.81	1,730.65
	<u>5,882.37</u>	<u>27,362.21</u>

The long term loans and advances comprise entirely unsecured loans and advances to related parties for business purpose:

**\*Loans to subsidiaries**

Name of the Company	Balance as on 31st March 2016 (₹ in lakh)	Maximum outstanding during the year (₹ in lakh)
Knowledge Township Limited .....	1,917.00	1,917.00
Mahindra Babanco Developers limited ...	1,764.56	1,764.56
Total	<u>3,681.56</u>	<u>3,681.56</u>

**14) Other Non Current Assets**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Long Term Deposits with Banks having maturity more than 12 months..... (Fixed deposit of ₹ 18.05 lakh (Previous year- ₹ 60.75 lakh) is against Margin Monies with banks for Bank Guarantee)	75.88	111.44
	<u>75.88</u>	<u>111.44</u>

**15) Current Investments**

	Current Year Number of units	₹ in lakh	Previous Year Number of units	₹ in lakh
Unquoted, Non Trade (At lower of cost or fair value) In Units of Mutual Fund				
HDFC Liquid Fund-Growth.....	2,70,545	8,065.23	-	-
UTI-Money Market Fund- Institutional Plan-Growth .....	2,36,977	4,008.48	-	-
ICICI Prudential Money Market Fund-Growth .....	19,18,852	4,008.45	-	-
Birla Sun Life Floating Rate Fund-Short Term Plan- Growth-Regular Plan .....	19,93,094	4,009.48	-	-
		<u>20,091.64</u>	-	-

**16) Inventories**

(At lower of cost and net realizable value)

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Raw material .....	2,156.66	2,170.11
Construction Work in Progress *#.....	1,05,840.52	76,762.55
	<u>1,07,997.18</u>	<u>78,932.66</u>

\* Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

# The Company had during the previous year entered into mutually agreed consent terms with a land-owner in respect of the project, commencement of which had been delayed and in accordance with the consent terms, the Company during the previous year completed the sale of land in relation thereto. Accordingly, the provision for losses to project completion for ₹ 1,023.00 lakh in respect was no longer required and reversed during the previous year. Further, revenue from operations for the previous year ended 31st March, 2015 includes ₹ 25,263 lakh on sale thereof, net of the advances given and interest thereon. Operating expenses included in the previous year ₹ 2,263 lakh of costs incurred in relation thereto. Other income included in the previous year ₹ 1,550 lakh pertaining to write back of the provision for the interest on the aforesaid advance no longer required.

Consequent to the above, construction work-in-progress of ₹ 765.87 lakh and short term loans and advances and interest accrued on project advances included in other current assets of ₹ 4,205.26 lakh and ₹ 2,174.98 lakh, respectively, at 31<sup>st</sup> March, 2014 have been realized during the previous year.

Specified Land owned by the Company is given as security for debentures (Refer note 4).

**17) Trade Receivables**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Outstanding over six months		
Considered Good .....	667.86	481.98
Considered Doubtful .....	595.15	595.15
	<u>1,263.01</u>	<u>1,077.13</u>
Other debts Considered Good .....	4,463.78	1,070.44
	<u>4,463.78</u>	<u>1,070.44</u>
Less: Provision for doubtful receivables.....	(595.15)	(595.15)
	<u>5,131.64</u>	<u>1,552.42</u>

**18) Cash & Bank Balances**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Cash in hand .....	1.05	1.55
Bank Balances		
- In Current Accounts .....	12,033.63	3,056.77
- In Deposit Accounts with Banks.....	2,544.00	1,106.95
(Fixed deposit of ₹ 435.73 lakh (Previous year- ₹ 443.75 lakh) is against Margin Monies with banks for Bank Guarantee)		
	<u>14,578.68</u>	<u>4,165.27</u>

(a) Cash and cash equivalents for the purpose of cash flow

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Cash in hand .....	1.05	1.55
Bank Balances		
- In Current Accounts .....	12,033.63	3,056.77
- In Deposit Accounts with maturity upto 3 months .....	1,873.43	436.38
	<u>13,908.11</u>	<u>3,494.70</u>

(b) Balance with Banks includes Unclaimed Dividend of ₹ 112.62 lakh (Previous year ₹ 103.24 lakh).

**19) Short Term Loans & Advances**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
(Unsecured, Considered good unless otherwise stated)		
Loans and advances to related parties	2,207.64	2,262.64
- Considered good .....	-	-
- Considered doubtful.....	-	-
Less : Provision for doubtful loans and advances .....	-	-
	<u>2,207.64</u>	<u>2,262.64</u>
Other Loans & Advances		
- Considered good *#.....	15,414.08	22,347.09
- Considered doubtful.....	271.25	271.25
	<u>15,685.33</u>	<u>22,618.34</u>
Less : Provision for doubtful loans & advances .....	(271.25)	(271.25)
	<u>15,414.08</u>	<u>22,347.09</u>
Staff Loans and Advances .....	31.38	20.25
Deposits		
- Considered good.....	3,428.45	3,910.07
- Considered doubtful .....	-	-
Less : Provision for doubtful advances .....	-	-
	<u>21,081.45</u>	<u>28,540.05</u>

\* Refer note no. 16(#)

# During the previous year Other Loans and advances included project advances of ₹ 10,000 lakh pending for over 3 years relating to a project whose commencement had been delayed due to non-performance with respect to the agreed condition precedents by Vendors. The Company had taken legal action against the vendors to protect the interest of the Company where in the H'ble High Court at Mumbai had given order restraining the vendors from creating any third party rights in respect of the suit property or part with possession thereof.

During the current year, the company has received an award in terms of the consent terms filed by the Company and the Vendors before the H'ble Arbitral Tribunal and the Company has acquired the property. The Company shall be undertaking the redevelopment of the property on completion of all obligation by the Vendors.

Consequently the amount of ₹ 10,000 lakh now stands transferred to Construction Work in Progress in the current year.

The short term loans and advances comprise entirely unsecured loans and advances to related parties for business purpose:

Loans and advances to Holding Company (Mahindra & Mahindra Limited)  
₹ 2,000 lakh

Loans & Advances to Associate

Name of the Company	Balance as on 31 <sup>st</sup> March 2016 (₹ in lakh)	Maximum outstanding during the year (₹ in lakh)
Kismat Developers Private Limited.....	0.25	0.25
Topical Builders Private Limited.....	207.39	207.39
<b>Total.....</b>	<b>207.64</b>	<b>207.64</b>

## 20) Other Current Assets

(Unsecured, considered good, unless otherwise stated)

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Interest accrued - Others .....	7,702.59	11,731.27
(Including ₹ 1,213.25 lakh (Previous year ₹ 1,964.78 lakh) due from subsidiaries, ₹ 5,651.00 lakh ( Previous year ₹ 8,853.45 lakh) due from Joint Venture and ₹ 311.56 lakh (Previous year ₹ 32.65 lakh) due from associates.		
Unbilled Revenue .....	14,383.78	10,684.17
	<b>22,086.37</b>	<b>22,415.44</b>

## 21) Income from Operations

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Income from Projects* .....	46,089.80	58,837.65
Project Management Fees .....	2,188.60	1,583.12
Income from Operation of Commercial Complexes .....	2,018.95	1,980.53
	<b>50,297.36</b>	<b>62,401.30</b>

\* Refer note no. 16 (#)

## 22) Other Income

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Interest Income		
- On Inter Corporate Loans.....	2,304.20	2,724.48
- On Bank Deposits.....	195.86	237.66
- On Optionally Convertible Debentures .....	5,651.00	5,651.00
- Others .....	64.34	138.95
Dividend on Long Term Investments- Trade (Subsidiary) .....	807.00	2,207.47
Dividend on Current Investments-Non Trade .....	263.83	431.22
Profit on sale of Current investments- Non Trade .....	-	33.13
Profit on sale of Fixed assets.....	0.25	0.12
Write-back of provisions for losses to completion*.....	-	1,550.15
Miscellaneous Income .....	431.66	628.23
	<b>9,718.14</b>	<b>13,602.41</b>

\* Refer note no. 16(#)

## 23) Operating expenses

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Cost of Project		
Opening Stock		
- Work-in-progress .....	76,762.55	64,127.59
- Raw Material .....	2,170.11	1,362.74
	<b>78,932.66</b>	<b>65,490.33</b>
Add: Expenses incurred during the year : #		
Premium for Development Rights .....	21,738.83	5,566.04
Architect Fees.....	595.30	547.81
Preliminaries & Site Expenses .....	6,613.41	1,077.05
Civil, Electrical, Contracting etc.....	26,262.01	27,377.29
Overheads allocated .....	1,268.69	1,396.46
Interest allocated .....	2,267.69	1,714.98
Payment to Local Agencies .....	1,938.72	1,959.64
Insurance .....	44.24	26.87
Legal & Professional Fees .....	929.75	429.66
	<b>61,658.64</b>	<b>40,095.80</b>
	<b>1,40,591.30</b>	<b>1,05,586.13</b>
Less :- Closing Stock		
- Work-in-progress .....	1,05,840.52	76,762.55
- Raw Material .....	2,156.66	2,170.11
	<b>1,07,997.18</b>	<b>78,932.66</b>
Rent, Rates & Taxes .....	103.14	175.19
Insurance .....	(0.64)	0.63
Repairs & Maintenance - Commercial Properties .....	181.04	138.81
Professional Fees#.....	8.64	533.53
Brokerage .....	282.59	200.60
Advertisement, Marketing & Business Development.....	1,056.72	1,006.33
Electricity.....	48.91	6.66
Other Operating Expenses.....	300.71	1,178.95
	<b>34,575.23</b>	<b>29,894.15</b>

# Refer Note 16(#)

## 24) Employee Benefits Expenses

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Salaries, Allowances & Bonus .....	5,855.37	5,080.81
Contribution to Provident & Other Funds .....	267.78	334.02
Expense on Employee Stock Option Scheme .....	118.71	117.69
Staff Welfare Expenses.....	400.41	382.15
	<b>6,642.26</b>	<b>5,914.66</b>
Less :- Allocated to projects .....	(1,268.69)	(1,396.46)
	<b>5,373.58</b>	<b>4,518.20</b>

a) Gratuity

The components of the net benefit expense recognized in the statement of profit and loss, the funded status and the amounts recognized in the balance sheet in respect of the Company's gratuity plan is summarized below:

(1) Description of the Plan:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by Life Insurance Corporation of India ("LIC"). Employee at retirement are eligible for a benefit, which will be equal to 15 days salary for each completed year of service. The balance in the Employee Group Gratuity Assurance Scheme is the plan asset.

(2) Principal actuarial assumptions:

	Current Year	Previous Year
Discount Rate	7.46%	7.77%
Rate of Return on Plan Assets	9.50%	9.40%
Attrition	5.00%	5.00%

(3) Reconciliation of Benefit Obligation:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Liability at the beginning of the year	280.52	203.36
Adjustment to the opening balance	-	3.84
Interest Cost	21.80	18.24
Current Service Cost	71.98	67.33
Benefit Paid	-	(17.38)
Unrecognised Past Service Cost	-	-
Actuarial (Gain)/Loss on Obligations	(102.39)	5.13
Liability at the end of the year	271.91	280.52
Fair Value of Plan Assets at the end of the year	157.87	121.64
Amount recognised and disclosed under the head "Provisions for Gratuity"..	114.03	158.88
Current Liability	5.59	37.24
Non - Current Liability	108.44	121.64

(4) Reconciliation of Fair value of Plan Assets:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Fair Value of Plan Assets at the beginning of the year	121.64	148.92
Adjustment to the opening balance	22.67	(27.28)
Expected Return on Plan Assets	13.71	11.56

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Contributions	-	17.37
Benefit Paid	-	(17.37)
Actuarial Gain/(Loss) on plan assets	(0.14)	(11.56)
Fair Value of Plan Assets at the end of the year	157.87	121.64

(5) Actual Return on Plan Asset:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Expected Return on Plan Assets	13.71	11.56
Actuarial Gain/(Loss) on Plan Assets	(0.14)	(11.56)
Actual Return on Plan Assets	13.57	-

(6) Expenses recognised in the Statement of Profit and Loss under the head "Employee Remuneration & Benefits":

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Current Service Cost	71.98	67.33
Interest Cost	21.80	18.24
Unrecognised Past Service Cost	-	-
Expected Return on Plan Assets	(13.71)	(11.56)
Net Actuarial (Gain)/Loss recognised	(102.24)	16.68
Settlement Cost	-	-
Expenses recognised in Profit and Loss Account	(22.18)	90.70

(7) Experience Adjustments

	2016	2015	2014	2013	2012
Defined benefit obligation	271.91	280.52	207.20	121.66	119.20
Fair value of plan assets	157.87	121.64	148.92	111.18	68.92
Surplus/(Deficit)	(114.03)	(158.88)	(58.28)	(10.48)	(50.28)
Experience adjustment on plan liability [( Gain)/Loss]	(102.39)	5.13	32.27	-	9.08
Experience adjustment on plan assets [Gain/(Loss)]	(0.14)	(11.56)	(1.25)	-	(3.27)

(8) Amount expected to be contributed to fund in coming year is ₹ 5.59 lakh.

(9) The gratuity fund is entirely invested in a group gratuity policy with the Life Insurance Corporation of India. The information or the allocation of the fund into major asset classes and the expected return on major classes is not readily available.



**b) Employee Stock Option Scheme**

- a) The Company has granted options to its eligible employees under the Employee Stock Options Scheme 2006 ("ESOS 2006") and the Employee Stock Options Scheme 2012 ("ESOS 2012"). The options granted under both the schemes are equity settled. The other details of the schemes are summarised below:

	ESOS 2006		ESOS 2012				
Grant date	25 <sup>th</sup> Apr. 2008	4 <sup>th</sup> Aug. 2012	4 <sup>th</sup> Aug. 2012	24 <sup>th</sup> Jul. 2013	17 <sup>th</sup> Oct. 2014	30 <sup>th</sup> Apr. 2015	28 <sup>th</sup> Jan. 2016
Options granted	6,78,359	10,000	1,01,000	26,500	27,000	3,000	31,000
Exercise price	₹ 428/- per share	₹ 325/- per share	₹ 10/- per share				
Basis of exercise price	Average of the daily high and low of the prices for the Company's Equity Shares quoted on the BSE Limited during 15 days preceding the date of grant of options		Face value of share				
Vesting period	on expiry of 12 months from date of grant – 25% on expiry of 24 months from date of grant – 25% on expiry of 36 months from date of grant – 25% on expiry of 48 months from date of grant – 25%		on expiry of 12 months from date of grant – 20% on expiry of 24 months from date of grant – 20% on expiry of 36 months from date of grant – 30% on expiry of 48 months from date of grant – 30%				
Contractual life*	Options will lapse if not exercised within 5 years from the date of individual vesting.						
Amortization Details:@	The details of the same are given below:						
Total Amount to be amortized over the vesting period	₹ 100.42 lakh	₹ (0.09) lakh	₹ 287.28 lakh	₹ 104.95 lakh	₹ 128.80 lakh	₹ 13.67 lakh	₹ 136.82 lakh
Charge to Statement of P&L for the year	–	₹ (0.02) lakh	₹ 53.25 lakh	₹ 15.62 lakh	₹ 29.86 lakh	₹ 3.13 lakh	₹ 5.70 lakh
Compensation in respect of lapsed cases	–	–	–	–	–	–	–
Unamortized amount carried forward	–	₹ (0.01) lakh	₹ 41.36 lakh	₹ 43.08 lakh	₹ 84.70 lakh	₹ 10.53 lakh	₹ 131.11 lakh

\*During the previous year for ESOS 2006 scheme, the Company modified the exercise period of the options whereby the exercise period of the options granted was extended from 5 years from the date of vesting of the respective tranche of the option to the last date of the exercise period for the last tranche of the option granted under the said scheme.

@The company has adopted intrinsic value method for computing the compensation cost for the options granted. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period.

The Fair value has been calculated using the Black Scholes option pricing model and the significant inputs used for the valuation are as follows:

Grant Date	25 <sup>th</sup> Apr. 2008	4 <sup>th</sup> Aug. 2012	4 <sup>th</sup> Aug. 2012	24 <sup>th</sup> Jul. 2013	17 <sup>th</sup> Oct. 2014	30 <sup>th</sup> Apr. 2015	28 <sup>th</sup> Jan. 2016
Risk free interest rate	7.79% - 8.15%	8.06% - 8.20%	8.06% - 8.20%	8.31% - 8.39%	8.49% - 8.52%	7.69% - 7.74%	7.43% - 7.73%
Expected life	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	6 – 9 Years	3.5 – 6.5 Years	3.5 - 6.5 Years	3.5 – 6.5 Years
Expected volatility	66.76% - 70.65%	44.15% - 59.61%	44.15% - 59.61%	47.63%	26.68% - 43.74%	26.11%- 37.68%	27.17% - 30.20%
Expected dividend yield	0.33%	1.38%	1.38%	1.31%	2.28%	2.57%	2.49%
Exercise price	₹ 428	₹ 325	₹ 10	₹ 10	₹ 10	₹ 10	₹ 10
Stock Price	₹ 443.79	₹ 324.14	₹ 324.14	₹ 454.09	₹ 516.08	₹ 467.60	₹ 482.25

Earnings per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee share-based Payments" is as follows

Particulars	Intrinsic Value Method		Fair Value Method	
	March 2016	March 2015	March 2016	March 2015
A	Net Profit After Tax (₹ in lakh)			
	10,449.27	23,329.57	10,448.14	23,338.47
	Less Preference dividend			
	–	–	–	–
B	Weighted Average number of Equity Shares of ₹ 10/- each (Basic)			
	4,10,21,975	4,09,67,118	4,10,21,975	4,09,67,118
C	Weighted Average number of Equity Shares of ₹ 10/- each (Diluted)			
	4,11,67,759	4,11,42,517	4,11,67,759	4,11,42,517
D	Basic Earning per Share (₹)			
	25.47	56.94	25.47	56.97
E	Diluted Earning per Share (₹)			
	25.38	56.70	25.38	56.73

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

Summary of Stock Options	Current Year	Previous Year
Options outstanding on 1 <sup>st</sup> April	5,58,430	6,12,656
Options erroneously cancelled during prior year, reinstated	-	84,249
Options granted during the year	34,000	27,000
Options lapsed during the year	-	1,625
Options cancelled during the year	13,100	-
Options exercised during the year	20,950	1,63,850
Options outstanding on 31 <sup>st</sup> March	5,58,380	5,58,430
Options vested but not exercised on 31 <sup>st</sup> March	4,67,730	4,51,530

Information in respect of options outstanding as at 31<sup>st</sup> March, 2016:

Exercise price	No. of Options	Weighted average remaining life
₹ 428	4,32,730	18 months
₹ 325	5,000	36 months
₹ 10	46,850	24 months
₹ 10	18,300	36 months
₹ 10	21,500	54 months
₹ 10	3,000	60 months
₹ 10	31,000	60 months

25) Administration & Other Expenses

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Rent, Rates and Taxes.....	579.17	467.63
Insurance .....	23.01	9.46
Repairs and Maintenance		
- Buildings .....	7.71	-
- Others.....	276.90	203.74
Electricity Charges.....	42.24	57.63
Travelling & Conveyance.....	550.19	624.64
Legal & Professional Fees.....	696.49	391.18
Printing & Stationery.....	87.79	69.50
Communication.....	126.18	117.82
Advertisement, Marketing & Business Development.....	188.06	319.30
Auditors Remuneration.....	41.78	54.30
Expenditure on Corporate Social Responsibility.....	244.53	264.17
Donation & Contribution.....	-	-
Loss on Sale of Fixed Assets.....	-	11.51
Diminution In Value Of Long Term Investment# .....	-	1,850.63
Doubtful Debts Provided .....	-	483.99
Miscellaneous Expenses .....	355.20	438.79
	<b>3,219.26</b>	<b>5,364.29</b>

#Diminution in value of long term investment – Refer Note 12(a)

Auditors' Remuneration:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Audit Fees .....	27.19	27.81
Tax Audit Fees .....	2.22	1.55
Tax matters.....	2.57	12.86
Certification and Other Services .....	9.79	12.08
<b>Total .....</b>	<b>41.78</b>	<b>54.30</b>

26) Finance Cost

	Current Year ₹ in lakh	Previous Year ₹ in lakh
On Term Loan .....	4,526.81	3,896.64
Less: Allocated to projects.....	(2,267.69)	(1,714.98)
	<b>2,259.12</b>	<b>2,181.66</b>

27) Earnings in Foreign Currency:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Consideration received on sale of residential units.....	-	4.98
<b>Total .....</b>	<b>-</b>	<b>4.98</b>

28) Expenditure in Foreign Currency:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
a) Other expenditure		
Travelling.....	57.33	26.93
Marketing expenses.....	138.24	15.37
Project expenses.....	-	30.19
Professional Fees .....	-	91.01
IT .....	64.37	-
Others .....	37.21	17.89
<b>Total .....</b>	<b>297.14</b>	<b>181.39</b>
b) Value of Imported and Indigenous Consumption		
Imported .....	114.75	492.41
Indigenously obtained.....	4,483.64	4,199.42
<b>Total .....</b>	<b>4,598.39</b>	<b>4,691.83</b>
% Imported .....	2.50%	10.50%
% Indigenously obtained .....	97.50%	89.50%
	<b>100%</b>	<b>100%</b>

29) Forwards Contracts

In the previous year, the Company had entered into foreign currency exposure contract of USD 10,569 for the purpose of hedging its currency risk. These contract were not intended for trading or speculation. The contract was due to mature in current financial year and the same was repaid in April 2015.

No such contract entered into the current year.

**30) Remittance in Foreign Currency on account of dividends to non-resident shareholders**

Number of		Amount remitted ₹ in lakh	Dividend relating to
Year of Payment/ Shareholders	Equity Shares		
2016/1	44,540	2.67	Year ended 31 <sup>st</sup> March, 2015 (Final Dividend)
2015/1	47,040	2.82	Year ended 31 <sup>st</sup> March, 2015 (Interim Dividend)
2015/1	47,040	2.82	Year ended 31 <sup>st</sup> March, 2014 (Final Dividend)
2014/1	83,290	5.00	Year ended 31 <sup>st</sup> March, 2013 (Final Dividend)

**31) Commitments**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
<b>Capital Commitment:</b> Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>8.00</b>	27.50

The disclosure of commitment is given only to the extent of capital commitment and other disclosure relating to commitment has not been given in order to avoid providing excessive details that may not assist users of Financial Statements.

**32)** In respect of real estate projects under long term contracts, determination of profits/losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects/activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

**33) Leases:**

The Company's significant leasing arrangements are in respect of operating leases for Commercial & Residential premises.

a) Lease income from operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are as under:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Gross Carrying Amount of premises ...	<b>3,001.57</b>	2,889.92
Accumulated Depreciation .....	<b>1,117.36</b>	896.92
Depreciation for the year.....	<b>46.77</b>	44.79
Future minimum lease payments under non-cancellable operating leases		
➤ Not later than 1 year.....	<b>2.79</b>	1,506.16
➤ Later than 1 year and not later than 5 years.....	-	7.08
➤ Later than 5 years.....	-	-

b) Lease expenditure for operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Future minimum lease payments under non-cancellable operating leases		
➤ Not later than 1 year.....	<b>142.40</b>	114.28
➤ Later than 1 year and not later than 5 years.....	-	-
➤ Later than 5 years.....	-	-

Lease payments recognized in Statement of Profit & Loss Account is ₹ 499.18 lakh (Previous year – ₹ 466.46 lakh)

**34) Contingent Liabilities**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
a) Claims against the Company not acknowledged as debts represent:		
i) Claims awarded by the Arbitrator to a civil contractor in respect of a project at Mumbai and the Company's appeal against the award has been admitted by the Mumbai High Court.....	<b>93.89</b>	93.89
ii) Demand from local authorities for transfer fees on transfer of property, disputed by the Company.....	<b>123.99</b>	123.99
iii) Demand from a local authority for energy dues disputed by the Company.....	<b>2,164.04</b>	2,164.04
iv) Claim from welfare association in connection with project work, disputed by the Company.....	<b>4,500.00</b>	4,500.00
b) Income tax matters under appeal		
In respect of certain business incomes re-classified by the Income tax Department as income from house property and other disallowances, the Company has partially succeeded in appeal and is pursuing the matter further with the higher appellate authorities.....	<b>421.57</b>	584.53
The liability net of Deferred Tax Asset/Deferred Tax Liability would be ₹ 421.57 lakh (previous year ₹ 584.53 lakh) .....		

**35) Managerial Remuneration**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Salaries and Allowances .....	<b>240.04</b>	179.85
Contribution to Provident, Gratuity and Superannuation Funds .....	<b>26.99</b>	26.49
Perquisites (estimated monetary value).....	<b>14.39</b>	12.77
<b>Total .....</b>	<b>281.42</b>	219.11

**36) Computation of Net Profit in accordance with Section 198 of the Companies Act, 2013:**

	Current Year ₹ in lakh	Previous Year ₹ in lakh
<b>Profit before Tax.....</b>	<b>14,174.00</b>	33,771.01
<b>Add:</b>		
Depreciation as per accounts .....	<b>414.30</b>	274.40
Managerial remuneration.....	<b>281.42</b>	219.11
Director's fees.....	<b>46.18</b>	34.10
Commission to Directors (non-executive Director) .....	<b>117.50</b>	140.00
Loss on disposal of fixed assets not allowable as per proviso to Section 198 ....	-	11.51
	<b>15,033.40</b>	34,450.15
<b>Less:</b>		
Depreciation under Section 198 .....	<b>345.01</b>	237.51
Loss on disposal of fixed assets allowable as per proviso to Section 198.....	-	-
Profit on sale of fixed assets not allowable as per proviso to Section 198.....	<b>0.25</b>	0.12
<b>Net Profit as per Section 198 of the Companies Act, 2013 .....</b>	<b>14,688.15</b>	34,212.50
<b>5% of Net Profit as computed above .....</b>	<b>727.06</b>	1,710.63

**37) Details of Loans Given, Investments made and Guarantee given covered u/s 186(4) of the Companies Act, 2013**

Loans given and Investments made are given under the respective heads.

Corporate Guarantees given by the Company in respect of loans as at 31<sup>st</sup> March, 2016- Nil

**38) Segmental Reporting**

₹ in lakh

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
<b>REVENUE</b>				
External Revenue	2,018.95	48,278.54	–	50,297.50
<i>Previous Year</i>	<i>1,980.53</i>	<i>60,420.78</i>	–	<i>62,401.30</i>
Inter-segment Revenues	–	–	–	–
<i>Previous Year</i>	–	–	–	–
<b>TOTAL REVENUE</b>	2,018.95	48,278.54	–	50,297.50
<i>Previous Year</i>	<i>1,980.53</i>	<i>60,420.78</i>	–	<i>62,401.30</i>
<b>SEGMENT RESULT</b>	1,920.74	13,677.80	–	15,598.54
<i>Previous Year</i>	<i>1,812.14</i>	<i>30,190.00</i>	–	<i>32,002.14</i>
Unallocated Corporate Expenses (net)	–	–	–	(7,309.32)
<i>Previous Year</i>	–	–	–	<i>(4,745.38)</i>
<b>Operating profit</b>	–	–	–	8,289.22
<i>Previous Year</i>	–	–	–	<i>27,256.75</i>
Interest expense	–	–	–	(2,259.12)
<i>Previous Year</i>	–	–	–	<i>(2,181.66)</i>
Interest income	–	–	–	8,143.92
<i>Previous Year</i>	–	–	–	<i>8,695.92</i>
Income taxes	–	–	–	(3,724.73)
<i>Previous Year</i>	–	–	–	<i>(10,441.44)</i>
<b>Net Profit</b>	–	–	–	10,449.29
<i>Previous Year</i>	–	–	–	<i>23,329.57</i>
<b>OTHER INFORMATION</b>				
Segment Assets	2,002.82	1,99,249.90	(155.92)	2,01,096.80
<i>Previous Year</i>	<i>1,981.39</i>	<i>1,71,081.15</i>	<i>0.60</i>	<i>1,73,063.14</i>
Unallocated Corporate Assets				56,108.55
<i>Previous Year</i>				<i>50,336.34</i>
<b>TOTAL ASSETS</b>				2,57,205.35
<i>Previous Year</i>				<i>2,23,399.48</i>
Segment Liabilities	560.31	97,408.74	(144.52)	97,824.53
<i>Previous Year</i>	<i>557.66</i>	<i>70,505.01</i>	<i>11.95</i>	<i>71,074.62</i>
Unallocated Corporate Liabilities				19,287.42
<i>Previous Year</i>	–	–	–	<i>20,011.36</i>
<b>TOTAL LIABILITIES</b>				1,17,111.95
<i>Previous Year</i>	–	–	–	<i>91,085.98</i>
Capital Expenditure	–	–	–	322.59
<i>Previous Year</i>	–	<i>174.39</i>	–	<i>432.03</i>
Depreciation	50.31	61.16	–	414.30
<i>Previous Year</i>	<i>50.07</i>	<i>22.33</i>	–	<i>274.40</i>

**Notes:**

- The segment result for Projects, Project Management and Development activity is arrived at after considering an interest expense of ₹ 552.41 lakh (Previous year ₹ 375.88 lakh), as it formed part of the cost of projects according to the method of accounting followed by the Company.

**39) Related Party Transactions**

List of related parties

**Enterprises Controlling the Company**

Mahindra & Mahindra Limited:

Holding Company

**Enterprises under the control of the Company**

Mahindra Infrastructure Developers Limited

Mahindra Integrated Township Limited

Mahindra World City Developers Limited

Mahindra Residential Developers Limited

Mahindra World City (Jaipur) Limited

Industrial Township (Maharashtra) Limited

Knowledge Township Limited

Mahindra Bebanco Developers Limited

Mahindra World City (Maharashtra) Limited

Raigad Industrial & Business Park Limited

Anthurium Developers Limited

Industrial Cluster Private Limited (Earlier Known as Mahindra Housing Private Limited)

Mahindra Industrial Park Chennai Limited (w.e.f. 22<sup>nd</sup> December 2014)

Mahindra Water Utilities Limited\* (w.e.f. 27<sup>th</sup> July 2015)

\* With effect from 27<sup>th</sup> July 2015 Mahindra Water Utilities Limited has been ceased to be joint venture and has become subsidiary.

**Fellow Subsidiaries**

Bristlecone India Limited

Mahindra Holidays & Resorts India Limited

Mahindra Consulting Engineers Limited

Mahindra Integrated Business Solutions Private Limited

EPC Industries Limited

Mahindra & Mahindra Contech Limited

**Associates**

Kismat Developers Private Limited

Topical Builders Private Limited

**Joint Ventures**

Mahindra Inframan Water Utilities Private Limited

Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)

\* With effect from 27<sup>th</sup> July 2015 Mahindra Water Utilities Limited has been ceased to be joint venture and has become subsidiary.

**Key Management Personnel**

Managing Director & Chief Executive Officer of the Company- Ms. Anita Arjundas

Chief Financial Officer - Mr. Jayant Manmadkar

Company Secretary - Mr. Suhas Kulkarni

**Directors**

Mr. Arun Nanda, Non-executive Non-Independent Chairman

Mr. Anish Shah, Non-executive Non-Independent Director

Mr. Sanjiv Kapoor, Non-executive Independent Director

Mr. Shailesh Haribhakti, Non-executive Independent Director

Dr. Prakash Hebalkar, Non-executive Independent Director

Enterprises over which key management personnel are able to exercise significant influence: Nil

Transactions with related parties during the year and balance as on 31<sup>st</sup> March, 2016:

₹ in lakh

Nature of Transactions	Enterprise controlling the Company	Enterprises under the control of the Company	Companies under common control including Fellow Subsidiaries	Joint Ventures/ Associates	Key Management Personnel
<b>Rendering of Services</b>	<b>1,967.51</b>	<b>1,108.01</b>	–	<b>1,171.11</b>	–
<i>Previous Year</i>	2,094.05	1,480.34	–	361.58	–
<b>Receiving of services</b>	<b>407.68</b>	<b>435.75</b>	<b>108.93</b>	–	–
<i>Previous Year</i>	374.02	484.89	68.33	–	–
<b>Sale of Goods</b>	<b>1,132.00</b>	–	–	–	–
<i>Previous Year</i>	749.24	–	–	–	–
<b>Purchase of Fixed Assets</b>	–	–	–	–	–
<i>Previous Year</i>	–	–	26.69	–	–
<b>Remuneration to Key Managerial Personnel*</b>	–	–	–	–	<b>462.32</b>
<i>Previous Year</i>	–	–	–	–	392.51
<b>Commission and Other Benefits to Non-Executive/ Independent Directors</b>	–	–	–	–	<b>163.60</b>
<i>Previous Year</i>	–	–	–	–	176.15
<b>Reimbursement made to parties</b>	<b>380.84</b>	<b>1.04</b>	–	–	–
<i>Previous Year</i>	303.32	27.14	–	–	–
<b>Reimbursement received by parties</b>	–	–	–	–	–
<i>Previous Year</i>	68.49	–	–	–	–
<b>Redemption of Preference Shares</b>	–	–	–	–	–
<i>Previous Year</i>	–	6,500.00	–	–	–
<b>Advance paid</b>	–	–	–	–	–
<i>Previous Year</i>	–	19.00	–	2.00	–
<b>Advance Refund</b>	–	–	–	–	–
<i>Previous Year</i>	–	15.00	–	2.00	–
<b>Finance given during the year</b>	–	<b>20.00</b>	–	<b>0.42</b>	–
<i>Previous Year</i>	–	9,502.00	–	30.25	–
<b>Purchase of Equity Shares</b>	–	–	–	–	–
<i>Previous Year</i>	–	–	–	–	–
<b>Purchase of Preference Shares</b>	–	–	–	–	–
<i>Previous Year</i>	–	–	–	–	–
<b>ICD refunded</b>	–	<b>21,970.00</b>	–	<b>55.00</b>	–
<i>Previous Year</i>	–	5,300.00	–	–	–
<b>Interest received</b>	–	<b>2,272.48</b>	–	<b>5,682.72</b>	–
<i>Previous Year</i>	–	2,687.88	–	5,683.37	–
<b>Dividend Paid</b>	<b>1,250.77</b>	–	–	–	–
<i>Previous Year</i>	2,501.54	–	–	–	–
<b>Dividend Income</b>	–	<b>807.00</b>	–	–	–
<i>Previous Year</i>	–	2,207.47	–	–	–
<b>Receivables</b>	<b>2,427.88</b>	<b>6,357.85</b>	<b>2.46</b>	<b>38,115.40</b>	–
<i>Previous Year</i>	2,173.98	28,668.10	2.46	41,557.41	–
<b>Payables</b>	<b>680.59</b>	–	<b>65.42</b>	–	–
<i>Previous Year</i>	839.95	–	6.86	–	–

\* Remuneration to Key Management Person includes remuneration paid to Ms. Anita Arjundas (MD & CEO), Mr. Suhas Kulkarni (Company Secretary) and Mr. Jayant Manmadkar (Chief Financial Officer).

The significant related party transactions are as under:

₹ in lakh

Nature of Transactions	Enterprises Controlling the Company	Amount	Enterprises under the Control of the Company	Amount	Enterprises under the Common control of the Company/Fellow Subsidiaries	Amount	Joint Ventures/ Associates	Amount	Key Management Personnel	Amount
Rendering of services	Mahindra & Mahindra Limited	1,967.51	Mahindra Residential Development Limited	342.10			Mahindra Homes Private Limited*	1,171.11		
			Mahindra Bebanco Developers Limited	212.72						
			Mahindra Integrated Township Limited	553.19						
Receiving of services	Mahindra & Mahindra Limited	407.68	Mahindra Integrated Township Limited	435.75	Bristle Cone India Ltd	17.31				
					Mahindra Integrated Business Solutions Private Limited	17.94				
					Mahindra Holidays & Resorts India Limited	22.82				
					EPC Industries Limited	47.61				
Sale of Goods	Mahindra & Mahindra Limited	1,132.00								
Remuneration									Anita Arjundas	281.42
									Suhas Kulkarni	103.76
									Jayant Manmadkar	77.14
Reimbursement made to parties	Mahindra & Mahindra Limited	380.84	Mahindra World City (Jaipur) Limited	1.04						
Finance given during the year			Knowledge Township Limited	20.00			Topical Builders Private Limited	0.42		
ICD refunded			Mahindra World City Developers Limited	16,200.00						
			Mahindra Integrated Township Limited	5,770.00						
Interest received			Mahindra World City Developers Limited	1,583.18			Mahindra Homes Private Limited*	5,651.00		
			Mahindra Integrated Township Limited	808.85						
			Mahindra Integrated Township Limited	287.63						
Dividend paid during the year	Mahindra & Mahindra Limited	1,250.77								

₹ in lakh

Nature of Transactions	Enterprises Controlling the Company	Amount	Enterprises under the Control of the Company	Amount	Enterprises under the Common control of the Company/Fellow Subsidiaries	Amount	Joint Ventures/ Associates	Amount	Key Management Personnel	Amount
Dividend received during the year			Mahindra World City Developers Limited	178.00						
			Mahindra World City (Jaipur) Limited	629.00						
Receivables	Mahindra & Mahindra Limited	2,427.88	Knowledge Township Limited	2,435.25	Mahindra Consulting Engineers Limited	2.46	Mahindra Homes Private Limited*	37,860.46		
			Mahindra Bebanco Developers Limited	3,042.46						
Payables	Mahindra & Mahindra Limited	680.59			Mahindra Holidays & Resorts India Ltd	25.50				
					EPC Industries Limited	33.97				

\* Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)

(₹ in lakh)

Name	Designation	Current Year	Previous Year
Mr. Arun Nanda	Non-executive Non-Independent Chairman	95.00	107.05
Mr. Sanjiv Kapoor	Non-executive Independent Director	21.90	17.70
Mr. Shailesh Haribhakti	Non-executive Independent Director	23.50	17.40
Mr. Anil Harish	Non-executive Independent Director	5.10	17.70
Mr. Prakash Hebalkar	Non-executive Independent Director	18.10	16.30

40) Information in respect of Jointly Controlled Operations

a) Jointly Controlled Operations

- i) Development of the following residential projects:  
G.E. Gardens, Mumbai  
Kukatpally, Hyderabad
- ii) Project for providing potable drinking water and sewerage facilities at Tirupur, Tamil Nadu.

b) Joint Venture

Sector 59, Gurgaon  
Bannerghatta Road, Bangalore

c) Jointly controlled entities

Name	Country of Incorporation	Business Activity	Proportion of Ownership Interest
Mahindra Inframan Water Utilities Private Limited	India	O&M of water & sewerage facilities at Navi Mumbai	50.00%
Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)	India	Residential Development	50.00%

d) Interest in the Assets, Liabilities, Income and Expenses with respect to jointly controlled entities:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Current Assets	58,273.38	43,333.75
Non-current Assets	614.72	2,016.23
<b>Total</b>	<b>58,888.11</b>	<b>45,349.98</b>
Current Liabilities	18,073.47	11,544.74
Non-current Liabilities	41,267.00	11,208.45
<b>Total</b>	<b>59,340.47</b>	<b>22,753.19</b>
Income	7,835.29	836.30
Expenses	7,869.66	1,142.88



41) Earnings per share

Calculation of Net Profit available for Equity Shareholders:

	Current Year	Previous Year
A. Net Profit After Tax (₹ in lakh)	10,449.27	23,329.57
B. Less: Dividend on Non-Cumulative Redeemable Preference Shares (including Tax on distributed Profits)	-	-
C. Profit available for Equity Shareholders (₹ in lakh)	10,449.27	23,329.57
D. Weighted Average number of Equity Shares of ₹ 10/- each used for computing basic earnings per share	410.22	409.67
E. Weighted Average number of Equity Shares of ₹ 10/- each used for computing diluted earnings per share	411.68	411.43
F. Basic Earnings per Share (₹)	25.47	56.94
G. Diluted Earnings per Share (₹)	25.38	56.70

42) The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

As per our Report attached hereto

For and on behalf of

**B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**Padmini Khare Kaicker**

Partner

Membership No.: 44784

Mumbai, 26<sup>th</sup> April, 2016

**Suhas Kulkarni**

Company Secretary

FCS: 2427

**Jayant Manmadkar**

Chief Financial Officer

Mumbai, 26<sup>th</sup> April, 2016

For and on behalf of the Board

**Arun Nanda**

Chairman – DIN 00010029

**Anish Shah**

Director – DIN 02719429

**Sanjiv Kapoor**

Director – DIN 00004005

**Shailesh Haribhakti**

Director – DIN 00007347

**Prakash Hebalkar**

Director – DIN 00370499

**Anita Arjundas**

Managing Director

& CEO – DIN 00243215

Mumbai, 26<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE MEMBERS

The Directors present their Eleventh Report together with the audited financial statement of the Company for the financial year ended on 31<sup>st</sup> March, 2016.

### Financial Highlights

Particulars	(Amount in Rupees)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income.....	867,660,281	1,342,826,130
Profit before Tax.....	204,412,325	561,535,313
Provision for Taxation		
– Net Current Tax.....	62,820,000	137,267,500
– Deferred Tax.....	12,982,618	44,377,765
Profit after Tax.....	128,609,707	379,890,048
Add: Profit brought forward from previous year .....	39,646,603	5,645,332
Appropriations:		
Less: Adjustment of depreciation (refer note 32 of accounts) .....	–	876,444
Transferred to Debenture Redemption Reserve.....	59,375,000	242,708,333
Proposed Dividend (including tax on distributed profits) .....	102,304,000	102,304,000
Transfer to General Reserve.....	–	–
Profit Carried to Balance Sheet .....	6,577,310	39,646,603

### Dividend

The Directors have recommended a preference dividend of Rs. 0.80 per Share i.e. 8 per cent of the face value of Rs. 10 on 50,000,000 Cumulative Redeemable Preference shares of the Company for the financial year 2015-16.

The Directors have also recommended equity dividend of Rs. 0.30 per share i.e. 3 per cent of the face value of Rs. 10 on 150,000,000 equity shares of the Company for the financial year 2015-16.

The total dividend payment for the financial year (including tax on dividend distribution) is Rs. 102,304,000 /-.

### Reserve

The Company has transferred Rs. 5,93,75,000/- to Debenture Redemption Reserve Account and the balance has been carried forward to Profit & Loss Account.

### Operations

During the year, the Company added 4 customers (2 in SEZ and 2 in DTA), taking the total number of customers in Mahindra World City, Jaipur (MWCJ) to Sixty Eight (68). Three (3) existing customers also increased their footprint during the year. The total land leased out during the year is 28.66 acres (SEZ 8.55 acres and DTA 20.11 acres) and include companies across diverse industry segments. Some of the companies to whom land was leased during the year are Dev Milk Foods Private Limited, Rajendra and Ursula Joshi Skill Development Private Limited, Rainbow Textfab Private Limited, Pinnacle Infotech Solutions and Shivakriti International Limited.

Nine (9) customers became operational during the year, taking the total number of operational customers to 33. During the

year, Seven (7) customers started development activities for their respective campuses/factories. The total development at eVolve is currently 0.430 Million square feet rentable area comprising of 4 buildings. Out of the total rentable area of 0.430 Million square feet, an area of 0.415 Million square feet has been leased. The customers at eVolve include DBOI Global Services Pvt Ltd, Metlife, Genpact, EXL Services SEZ BPO Solution Private Limited, Systweak, Phone Support Private Limited and Appirio India Cloud Solutions Private Limited.

The cumulative direct employment created by the companies at Mahindra World City, Jaipur was around 8,400 persons. Exports by MWCJ clients grew by 1% to reach Rs.1,128.35 Cr. in 2015-16 compared to Rs. 1,119.24 Cr. during the previous year. The Company and its customers based at MWCJ have together invested Rs. 2,872 Crore in the project till March 31, 2016.

The Company currently has 5 sector Specific Special Economic Zones (SEZs), viz. 2 in IT/ITeS, and 1 each in Handicrafts, Engineering & Related Industries and Gems & Jewellery. The project also comprises a Domestic Tariff Area. The area currently notified, under the SEZs, is 1472.84 acres and the DTA comprises 1000 acres of which 500 acres is under development and leasing activity and an additional 500 acres is under approval.

During the year, 4 editions of the customer engagement platform, Coalesce have been conducted to discuss operational matters in the project and collaborate on new initiatives and infrastructure needs. This initiative has been received well by the customers.

The Company stays committed to sustainable development. Some of the achievements are below:

- 1) Solar PV rooftop project of 210KWP commissioned at eVolve's rooftop on PPA model. It is estimated to provide a reduction of 160 Tons of CO2 emission/annum.
- 2) **MWCJ C-40 Roadmap progress:** LED lights retrofit in eVolve basement completed which will save electrical consumption of approx. 1 lac units and CO2 emission of 46.2 Ton/annum.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review has been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statements of the Company.

### **Share Capital**

The Authorized and Paid up share capital of the Company is Rs. 200 crore. The Share capital comprises of 15 crore equity shares of Rs. 10/- each aggregating Rs. 150 crore and 5 crore 8% Redeemable Cumulative Preference shares of Rs. 10/- each aggregating Rs. 50 crore. The Paid-up share capital is held by Mahindra Lifespace Developers Limited (MLDL) and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) in the ratio of 74:26.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

### **Non-Convertible Debentures**

As on 13<sup>th</sup> July, 2012, the Company had issued and allotted 2500 – Secured Unlisted Rated Redeemable Non-Convertible Debentures (NCDs) at 10.00% Coupon rate with a face value of Rs. 1,000,000 (Rupees Ten Lakhs only) each for cash at par, aggregating Rs. 250 crores (Rupees Two Hundred Fifty Crores only) vide Series A, Series B, and Series C, on private placement basis.

The Company had also issued and allotted 650- Secured Unlisted Rated Redeemable Non-Convertible Debentures (NCDs) as on 19<sup>th</sup> December, 2014 at 10.90% Coupon rate with a face value of Rs. 1,000,000 (Rupees Ten Lakhs only) each for cash at par, aggregating Rs. 65 crores (Rupees Sixty Five Crores only) vide Series I, Series II, and Series III on Private Placement basis.

On 9<sup>th</sup> July, 2015, the Company has issued and allotted 50 Secured Unlisted rated Redeemable Non - Convertible Debentures (NCDs) at 9.50% Coupon Rate with a face value of Rs. 1,00,00,000/- (Rupees One Crore Only) each fully paid up aggregating to Rs. 50,00,00,000/- (Rupees Fifty Crore Only) on Private Placement basis.

Series A of Secured Unlisted Rated Redeemable 750 Non-Convertible Debentures (NCD's) of 10.00% coupon rate with a face value of Rs. 10,00,000 (Rupees Ten Lakh only) each aggregating Rs. 75 Crore (Rupees Seventy Five Crore only) were redeemed on 13<sup>th</sup> July, 2015 along with redemption premium.

The proceeds of all the above mentioned NCDs issue have been utilized for the purpose of the issue.

### **Networth**

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was Rs. 26,011 lakh and Rs. 26,274 lakh respectively.

### **Holding Company**

The Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no Company has become/ceased to be subsidiary/associate or joint venture Company of the Company. Therefore, the requirement of consolidated financial statements does not apply to the Company.

### **Board of Directors**

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of following:

Sr. No.	Name of Directors	DIN	Designation
1.	Mr. Chandra Shekhar Rajan	00126063	Chairman, Non-Executive Non-Independent Director
2.	Mr. Maheswar Sahu	00034051	Non-Executive Independent Director
3.	Mr. Ashok Jain	01641752	Non-Executive Non-Independent Director
4.	Mr. Salil Singhal	00006629	Non-Executive Independent Director
5.	Ms. Veenu Gupta	02170999	Non-Executive Non-Independent Director
6.	Mr. Shikhar Agrawal	01093773	Non-Executive Non-Independent Director
7.	Mr. Arun Kumar Nanda	00010029	Non-Executive Non-Independent Director
8.	Ms. Anita Arjundas	00243215	Non-Executive Non-Independent Director
9.	Ms. Sangeeta Prasad	02791944	Non-Executive Non-Independent Director

During the year, there has been no change in the composition of the Board of Company.

Pursuant to Section 152 of the Companies Act, 2013 and provisions of Articles of Association, Non- Executive Non- Independent Directors Mr. Arun Kumar Nanda (DIN: 00010029), Mr. Ashok Jain (DIN: 01641752) and Ms. Veenu Gupta (DIN: 02170999), retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for reappointment. All the three Directors being eligible have offered themselves for reappointment.

Further, All the above Directors are not disqualified from being appointed/re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Companies Act, 2013, declaration from all the Independent Directors were received affirming their independence in accordance with the Section 149(6) of the Companies Act, 2013.

#### **Key Managerial Personnel**

As at 31<sup>st</sup> March, 2016, the Key Managerial Personnel of the Company comprise of following:

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Mr. Sanjay Srivastava	Manager & COO
2.	Mr. Sanjay Jain	Chief Financial Officer
3.	Ms. Prashi Jain	Company Secretary

Ms. Prashi Jain was appointed as the Company Secretary of the Company with effect from 2<sup>nd</sup> April, 2015.

#### **Committees of the Board:**

##### **Audit Committee**

The Audit Committee comprises of two Independent Directors, namely Mr. Maheswar Sahu, Mr. Salil Singhal and one Non-Executive Non-Independent Director, Ms. Veenu Gupta. Mr. Maheswar Sahu is the Chairman of the Audit Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

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

The Corporate Social Responsibility (CSR) Committee comprises of Mr. Maheswar Sahu, Independent Director and two Non-Executive Non-Independent Directors Ms. Veenu Gupta and Ms. Sangeeta Prasad. Mr. Maheswar Sahu is the Chairman of the Committee.

During the year, the Company contributed Rs. 80 Lakh towards Corporate Social Responsibility. The Annual Report on CSR activities providing brief details on CSR policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report

##### **Nomination and Remuneration Committee (NRC)**

The Nomination and Remuneration Committee comprises of two Independent Directors, namely, Mr. Maheswar Sahu,

Mr. Salil Singhal and two Non-Executive Non-Independent Directors namely Ms. Veenu Gupta, and Ms. Anita Arjundas. Mr. Maheswar Sahu is the Chairman of the Committee.

The following policies of the Company as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2, Annexure 3 and Annexure 4**, respectively to this report:

1. Policy on appointment of Directors & Senior Management;
2. Policy on remuneration of Directors;
3. Policy on remuneration of Key Managerial Personnel and Employees;

#### **Other Committees:**

##### **Contract Committee**

The Committee comprises of three members, namely Mr. Shikhar Agrawal, Non-Executive Non-Independent Director, Ms. Sangeeta Prasad, Non-Executive Non-Independent Director and Mr. Sanjay Srivastava, Manager & Chief Operating Officer.

##### **Capital Issue Committee**

The Committee comprises of three members, namely Ms. Veenu Gupta, Non-Executive Non-Independent Director, Mr. Arun Kumar Nanda, Non-Executive Non-Independent Director and Ms. Anita Arjundas, Non-Executive Non-Independent Director.

##### **Land Lease Committee**

The Committee comprises of two members, namely Mr. Ashok Jain, Non-Executive Non-Independent Director, and Ms. Anita Arjundas, Non-Executive Non-Independent Director.

##### **Loans & Investments Committee**

The Committee comprises of four members, namely Mr. C.S. Rajan, Non-Executive Non-Independent Director, Ms. Veenu Gupta, Non-Executive Non-Independent Director, Mr. Arun Kumar Nanda, Non-Executive Non-Independent Director and Ms. Sangeeta Prasad, Non-Executive Non-Independent Director.

##### **Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairman of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

**Meetings**

During the year, seven meetings of the Board of Directors were convened and held of which two meetings were held on 28<sup>th</sup> April, 2015 and balance five meetings were held on 30<sup>th</sup> June, 2015, 24<sup>th</sup> July, 2015, 23<sup>rd</sup> October, 2015, 20<sup>th</sup> January, 2016 and 15<sup>th</sup> March, 2016.

During the year, three meetings of the Audit Committee were convened and held on 28<sup>th</sup> April, 2015, 24<sup>th</sup> July, 2015 and 23<sup>rd</sup> October, 2015.

During the year, two meetings of the Nomination and Remuneration Committee (NRC) were convened and held on 28<sup>th</sup> April, 2015 and 24<sup>th</sup> July, 2015.

During the year, two meetings of the Corporate Social Responsibility (CSR) Committee were convened and held on 28<sup>th</sup> April, 2015 and 23<sup>th</sup> October, 2015.

During the year, one meeting of the Contract Committee was convened and held on 10<sup>th</sup> April, 2015.

During the year, one meeting was also conducted on 9<sup>th</sup> July, 2015 for issuance of Non- Convertible Debentures by the Committee of two Directors comprising of Ms. Anita Arjundas & Ms. Sangeeta Prasad.

The previous Annual General Meeting of the Company was held on 24<sup>th</sup> July, 2015.

**The details of the number of meetings of the Board and the Committees thereof attended by the respective members of the Board/Committees are given below:**

Sr. No.	Name of the Director	Board meetings attended	Audit Committee meetings attended	NRC meetings attended	CSR Committee meetings attended	Contract Committee meetings attended
1.	Mr. Chandra Shekhar Rajan	4	–	–	–	–
2.	Mr. Maheswar Sahu	4	2	1	2	–
3.	Mr. Ashok Jain	3	–	–	–	–
4.	Mr. Salil Singhal	2	1	1	–	–
5.	Ms. Veenu Gupta	7	3	2	2	–
6.	Mr. Shikhar Agrawal	1	–	–	–	1
7.	Mr. Arun Kumar Nanda	3	–	–	–	–
8.	Ms. Anita Arjundas	6	–	2	–	–
9.	Ms. Sangeeta Prasad	6	–	–	2	Nil
10.	Mr. Sanjay Srivastava	–	–	–	–	1

**Codes of Conduct**

The Company has adopted Codes of Conduct (“the Code/s”) for its Directors, Independent Directors, Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the financial year 2015-16, received declarations under the Codes from the Board Members, Independent Directors, Senior Management and employees affirming compliance with the respective Codes.

**Directors’ Responsibility Statement**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31<sup>st</sup> March, 2016 and of the profit of the Company for that period;

(c) they had 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;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Internal Financial Controls**

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board reviews the internal control systems with the management and auditors.

### **Vigil mechanism/Whistle Blower Mechanism**

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimization of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company. The Whistle Blower Policy of the Company has been posted on the website of the Company and is available at the link [\\_http://www.mahindraworldcity.com/about-us/our-policies.aspx](http://www.mahindraworldcity.com/about-us/our-policies.aspx).

### **Risk Management**

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

### **Auditors**

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai retire as Auditors at the forthcoming Annual General Meeting. The members will be required to appoint the Statutory Auditors in terms of relevant provisions of the Companies Act, 2013 and fix their remuneration.

As required under the provisions of Section 139 and 141 of Companies Act, 2013, the Company has received written consent and certificate from M/s Deloitte Haskins & Sells, Chartered Accountant, (ICAI Firm Registration Number 008072S), proposed to be re-appointed as Auditors for one year i.e. from the conclusion of the 11<sup>th</sup> Annual General Meeting upto conclusion of the 12<sup>th</sup> Annual General Meeting of the Company to the effect that their appointment, if made, would be in conformity with the limits specified in that Section.

The Board has recommended to the Shareholders the appointment of the said Auditors for the term of one year.

The Statutory Auditor's Report does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comments.

### **Cost Auditors**

The Board of Directors on the recommendation of the Audit Committee, has appointed M/s. K G Goyal & Company, Cost Accountants, Jaipur having Registration Number –

00017/07/2008, for the financial year 2015-16, for conducting the audit of the various cost records maintained by the Central Government pursuant to its order dated 30<sup>th</sup> June, 2014 and any amendments thereof, subject to the approval of the members on the remuneration to be paid to the Cost Auditor.

The Cost audit report does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comments.

### **Secretarial Auditors**

The Board has appointed M/s. JPS & Associates, practicing Company Secretaries, to conduct the secretarial audit for the financial year 2015-16. The Secretarial Audit report for the financial year ended March 31, 2016 is annexed herewith and marked as **Annexure 5** to this Report.

The Secretarial audit report does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comments.

### **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013.**

As the Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. The particulars of investment are provided in the financial statement at Note No. 16.

### **Contracts or Arrangements with Related Parties**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 with related parties which could be considered material. Accordingly, the disclosure of related party transaction to be provided under section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

### **Deposits, Loans and Advances**

During the year, the Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3) (m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 6** to this report.

**Employee Remuneration**

Being an unlisted company, the details of employee remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your company.

**Extract of Annual Return**

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure - 7** and forms part of this Report.

**Change in the nature of business, if any: NIL****Safety, Health and Environmental Performance:**

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

**Sustainability:**

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance. Mahindra World City Jaipur is the first and largest project in Asia to receive Stage 2 Climate Positive Development certification from C40 Cities Climate Leadership Group.

**General**

During the year ended March 31, 2016, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/structures were imposed on the Company by any statutory authority on any matter.

The Company has received a Demand Notice dated 27<sup>th</sup> January, 2016 on 28<sup>th</sup> January, 2016, from Jaipur Development Authority (JDA) regarding payment of lease/Shahri Jamabandi charges along with interest thereon for the period 27<sup>th</sup> September, 2006 to 31<sup>st</sup> March, 2016, on the land leased by Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) to the Company in Mahindra World City, Jaipur. The notice is for an amount of Rs. 3,21,79,38,890.

The Company has from March, 2011 to January, 2016 paid, in various tranches, an aggregate amount Rs. 4,50,87,109 towards the aforesaid lease/Shahri Jamabandi charges

calculated in accordance with the relevant provisions, statutes and representations on the subject. This has been further validated by a legal opinion.

Based on the above, the Company is of the opinion that as of date, it is not in arrears of any amounts and has taken up the matter with the relevant authorities.

No other significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

No fraud has been reported during the audit conducted by the Statutory Auditor, Internal Auditor, Secretarial Auditor and Cost Auditor of the Company.

**Cautionary statement**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

**Acknowledgement**

The Board of Directors thank and wish to place on record its appreciation to the Ministry of Commerce & Industry, Board of Approvals (SEZ), Development Commissioner, Noida Special Economic Zone, Development Commissioner SEZs, Government of Rajasthan, and all the agencies and Departments of the State Government, Bankers – State Bank of India, HDFC Bank, Kotak Mahindra Bank, Axis Trustee, our valuable customers and the employees of the Company at all levels, for their continued co-operation and unstinted support.

The Directors also express their sincere thanks to the shareholders for the continued support and trust they have shown in the Management.

**For and on behalf of the Board,**

**Ms. Anita Arjundas      Ms. Sangeeta Prasad**  
**Director (DIN 00243215)    Director (DIN 02791944)**

Jaipur, 21<sup>st</sup> April, 2016

## ANNEXURE 1

### THE ANNUAL REPORT ON CSR ACTIVITIES

**1. A brief outline of the company CSR Policy, including overview of projects or programs proposed to be taken and a reference to the Web link to the CSR Policy and projects or programs.**

CSR forms an integral part of the Company. The Company believes that its initiatives and high ethical standards will definitely encourage a positive impact on everyone involved in the project directly or indirectly. With a view to achieve inclusive social development, the Company has taken initiatives of organizing various training programs for school dropouts/unemployed youth and Women Empowerment, who are part of the local community around project area through a well-recognized NGO - Technology Business Incubator.

- Vocational Skill Development Training – Since its inception a total of 960 candidates have been trained as on 31<sup>st</sup> March, 2016. **In FY 15-16, the training was given to 300 candidates.**
- Formation of Women SHG's – Since its inception 80 SHG's have been formed with 810 women. **In FY 15-16, 25 women** have been given advance training from the existing groups and **50 women** were given basic primary education.
- The Company also conducted **three** medical camps in the neighbouring villages around the project office of the Company.
- The Company also planted **5500 trees** in government approved forest area and the neighbouring villages around the project office of the Company.
- Under the Clean India Campaign, the Company took the initiative to **clean four** neighbouring villages around the project office of the Company and the **Jaipur Wildlife Zoo.**

c. Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	CSR project of activity identified	Sector in which the project is covered	Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Education of the girl child	Education	Udaipur/Rajasthan	2000000	2000000	2000000	Direct
2	Vocational Skill Development Program	Education	Jaipur/Rajasthan	1800000	1799936	3799936	Direct
3	Model School Development	Education	Jaipur/Rajasthan	100000	99709	3899645	Direct

- The Company has also contributed Rs. 25, 00, 000/- for the Rajasthan State Govt. CSR project – MukyaMantri Jal Swavalambhan Abhiyan for making villages self-sufficient in Drinking Water and conserving water resources. A total of **15 villages** have been identified around the project office of the Company.

A details report of all activities in attached for reference. We are happy to inform that 100% of the CSR budget has been consumed for FY 15-16.

**2. The Composition of the CSR Committee.**

The Corporate Social Responsibility (CSR) Committee of the Company comprises of Mr. Maheswar Sahu, Independent Director (Chairman of the Committee), Ms. Veenu Gupta and Ms. Sangeeta Prasad, Non-Executive Non-Independent Directors of the Company.

**3. Average net profit of the company for the last three financial years (Before tax).**

The average net profit of the Company for the last three financial years- Rs. **3951.84** Lakh.

**4. Prescribed CSR Expenditure (two percent of the amount as in item no. 3 above).**

Prescribed CSR spend (2% of above amount) - Rs. **79.04** Lakh

**5. Details of CSR spent during the financial year:**

- a. Total amount to be spent for the financial year: Rs.**79.04** Lakh
- b. Amount unspent, if any: NIL



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	CSR project of activity identified	Sector in which the project is covered	Projects (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
4	Mid-Day meals for Govt. School children	Education	Jaipur/Rajasthan	350000	347200	4246845	Direct
5	MukyaMantri Jal Swavalamban Abhiyan	Health	Jaipur/Rajasthan	2500000	2500000	6746845	Direct
6	Medical Camps	Health	Jaipur/Rajasthan	200000	70715	6817560	Direct
7	Blood Donation Activity	Health	Jaipur/Rajasthan		7756	6825316	Direct
8	World Aids Awareness Day	Health	Jaipur/Rajasthan		8903	6834219	Direct
9	Water Cooler Installation	Health	Jaipur/Rajasthan		32500	6866719	Direct
10	Road Safety Week	Health	Jaipur/Rajasthan		28790	6895509	Direct
11	Medical Camps	Health	Jaipur/Rajasthan		54110	6949619	Direct
12	Tree Plantation	Environment	Jaipur/Rajasthan	200000	196107	7145726	Direct
13	Development of Jaipur Wildlife Zoo	Environment	Jaipur/Rajasthan	350000	72960	7218686	Direct
14	Development of Jaipur Wildlife Zoo	Environment	Jaipur/Rajasthan		166290	7384976	Direct
15	Cleanliness Drives	Environment	Jaipur/Rajasthan		147782	7532758	Direct
16	LED Tube lights Installation	Environment	Jaipur/Rajasthan	500000	464820	7997578	Direct

#### Give Details of implementing agency:

TECHNOLOGY BUSINESS INCUBATOR-KIET is jointly promoted by Department of Science & Technology, Govt. of India & Krishna Institute of Engineering & Technology, Ghaziabad. TBI-KIET is registered under Society Registration Act 1860 initiated by DST support to demonstrate a model of creating knowledge based enterprise & creation of job opportunities through innovation & entrepreneurship and also market oriented skilled trained rural personnel to meet out the requirement of industries thereby uplifting the economics status & livelihood of the people.

The K. C. MAHINDRA EDUCATION TRUST was established in the year 1953, with an objective of promoting literacy and higher learning in the country. It is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950. Over the years, the Trust has undertaken a number of education initiatives, which make a difference in the lives of deserving and needy students. The trust has provided more than Rs. 440.34 million (8.81 million \$) in the form of grants, scholarships and loans. These funds are derived from the trusts investment portfolio, the main donor of which is the Mahindra group of companies. Since its inception, the trust has promoted education mainly by way of scholarships and grants to deserving and needy students.

#### 6. In case the company has failed to spend the two percent of average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.

The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

#### 7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the company.

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

**Mr. Maheswar Sahu**      **Mr. Sanjay Srivastava**  
**Chairman of the CSR Committee**      **Manager & COO**  
**(DIN 00034051)**

Jaipur, 21<sup>st</sup> April, 2016

## ANNEXURE- 2

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra World City (Jaipur) Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team/Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed :
  1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

**For and on behalf of the Board,**

**Ms. Anita Arjundas      Ms. Sangeeta Prasad**  
**Director (DIN 00243215)    Director (DIN 02791944)**

*Jaipur, 21<sup>st</sup> April, 2016*

## ANNEXURE 3

### POLICY FOR REMUNERATION OF THE DIRECTORS

#### **Purpose**

This Policy sets out the approach to Compensation of Directors, in Mahindra World City (Jaipur) Limited.

#### **Policy Statement**

We have a well-defined Compensation policy for Directors, of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### **NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as

membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### **Directors**

The Chief Operating Officer is an executive of the Company and draws remuneration from the Company. Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions.

#### **Disclosures**

Information on the total remuneration of members of the Company's Board of Directors, Chief Operating Officer and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

**For and on behalf of the Board,**

**Ms. Anita Arjundas      Ms. Sangeeta Prasad**  
**Director (DIN 00243215)    Director (DIN 02791944)**

*Jaipur, 21<sup>st</sup> April, 2016*

## ANNEXURE-4

### REMUNERATION POLICY FOR KMPS AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

#### Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

#### Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while

individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60<sup>th</sup> percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - o The increment that needs to be paid for different performance ratings as well as grades.
  - o The increment for promotions and the total maximum increment.
  - o The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.
- There are no mid-term compensation increments.

**For and on behalf of the Board,**

**Ms. Anita Arjundas      Ms. Sangeeta Prasad**  
**Director (DIN 00243215)    Director (DIN 02791944)**

*Jaipur, 21<sup>st</sup> April, 2016*

## ANNEXURE 5

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR 2015-16**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]]

To,  
The Members,  
**Mahindra World City (Jaipur) Limited,**  
4<sup>th</sup> Floor, 411, Neelkanth Tower,  
Bhawani Singh Road, C Scheme,  
Jaipur - 302001.

- (I) We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Mahindra World City (Jaipur) Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing our opinion thereon.
- (II) Based on our verification of the Company's statutory registers and records, minutes books, forms and returns filed with various authorities and other records maintained by the Company and also the information and explanation provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with various provisions of statutory enactments listed hereunder at clause (III) and that the Company has proper Board processes and compliance mechanism in place to the extent and in the manner and subject to the reporting made hereinafter.
- (III) We have examined the Statutory Registers, Minutes books of the General Meetings, Board Meetings and Committee Meetings, Forms and Returns filed with various Authorities and other records maintained by the Company for the financial year ended on March 31, 2016, according to the provisions of:
1. The Companies Act, 2013 and the Rules made there under;
  2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
  3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  4. The Indian Stamp Act, 1899
  5. The Income Tax Act, 1961;
  6. The Customs Act, 1962;
  7. Service Tax Laws;
  8. The Central Sales Tax Act, 1956;
  9. The Rajasthan Value Added Tax Act, 2003
  10. The Special Economic Zones Act, 2005;
  11. Employees Provident Fund and Miscellaneous Provisions Act, 1952;
  12. Employers Liability Act, 1938;
  13. The Payment of Gratuity Act, 1972;
  14. Employees' State Insurance (ESI) Act, 1948;
  15. The Contract Labour (Regulation and Abolition) Act, 1970;
  16. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
  17. The Environment (Protection) Act, 1986;
  18. The Water (Prevention and Control of Pollution) Act, 1974;
  19. The Air (Prevention and Control of Pollution) Act, 1974.
- (IV) As observed and as per the information and explanations given to us, since the company did not receive any Foreign Direct Investment and/or External Commercial Borrowings and did not make any Overseas Direct Investment, the provisions of Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under relating thereto were not applicable to the company during the year under review.
- (V) Since the company is an unlisted company, the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Rules, Regulations and guidelines made there under are not applicable to the company during the year under review.
- (VI) We have also examined the compliance with applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.
- (VII) Based on our above mentioned examination and verification of records and information and explanation provided to us by the management, officers, employees and staff of the company, we report that during the financial year under review the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above.
- (VIII) We further report that having regard to the size and nature of the company the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors.

(IX) We further report that keeping in view the size and nature of the company, in our opinion adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(X) We further report that decisions were observed to be carried out by majority, however, we do not come across or explained with any instance of dissenting members, whose views need to be separately recorded in the minutes books as such.

(XI) We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

(XII) We further report that during the financial year under review the Company has issued Non Convertible debentures on private placement basis and also redeemed Non Convertible debentures and complied with necessary provisions of the Act in this regard.

(XIII) We further report that during the audit period, there were no instances of:

(i) Public/Rights/Preferential issue of shares/sweat equity;

(ii) Buy-back of securities;

(iii) Merger/amalgamation/reconstruction etc.;

(iv) Foreign technical collaborations.

Our above report is subject to the following:

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records, based on our audit;

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion;

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company;

4. Wherever required, we have obtained the Management Representation, in writing as well as verbal, about the compliance of laws, rules and regulations and happening of events etc.;

5. The Compliance of the provisions of the Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis;

6. The secretarial audit report, is neither an assurance as to the future viability of the Company nor of the efficacy or the effectiveness with which the management has conducted the affairs of the Company.

7. The compilation of the Secretarial Audit Report and the above mentioned contents are without any bias and/or prejudice.

**For JPS & Associates**  
Company Secretaries

**Jai Prakash Sharma**  
**Partner**  
C. P. No.: 5161

Jaipur, 20<sup>th</sup> April, 2016

**ANNEXURE – 6****A. CONSERVATION OF ENERGY**

a) Energy conservation measures taken :

The Company is regularly pursuing the initiatives taken for energy conservation which include introduction of LED lighting, use of re-cycled water, plantation etc.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

i) Solar PV rooftop project of 210KWP commissioned at eVolve's rooftop on PPA model. It is estimate to provide the reduction of 160 Tons of CO2 emission/annum.

ii) **MWCJ C-40 Roadmap progress:** LED lights retrofit in evolve basement completed which will save electrical consumption of approx. 1 lac units and CO2 emission of 46.2 Ton/annum.

c) Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Energy saving of 30% due to use of LED street lights.

d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not applicable

**B. TECHNOLOGY ABSORPTION****Research & Development (R&D)**

1.	Areas in which R & D is carried out:	The Company has not carried out any specific R&D activities during the year.
2.	Benefits derived as a result of the above efforts:	Not Applicable.
3.	Future Plan of action:	Further quality improvement
4.	Expenditure on R & D:	Nil
5.	Technology absorption, adaptation and innovation:	Nil
6.	Imported Technology for the last 5 years:	Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, there were no foreign exchange earnings. The information of foreign exchange outgo is furnished in note no. 31 to financial statement.

**For and on behalf of the Board,**

**Ms. Anita Arjundas**  
**Director (DIN 00243215)**

**Ms. Sangeeta Prasad**  
**Director (DIN 02791944)**

Jaipur, 21<sup>st</sup> April, 2016

**ANNEXURE 7**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN  
AS ON FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016**

**(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company  
(Management & Administration) Rules, 2014)**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	:	U45209RJ2005PLC021207
2.	Registration Date	:	26/08/2005
3.	Name of the Company	:	MAHINDRA WORLD CITY (JAIPUR) LIMITED
4.	Category/Sub-category of the Company	:	Category: Company Limited by Shares Sub Category: Indian Non Government Company
5.	Address of the Registered office & contact details	:	4 <sup>th</sup> Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur, Rajasthan- 302001 Email: JAIN.SANJAY@mahindra.com Tel. No. 91-141-3003461 Fax No. 91-141-2243060
6.	Whether listed company	:	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	:	Not Applicable for equity and preference shares. <u>For Non-Convertible Debentures:</u> Sharepro Services (India) Pvt. Ltd. Address: 13 AB, Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 Telephone: 67720300, 67720400 Fax Number: 28591568, 28508927 Email id: sharepro@shareproservices.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service*	% to total turnover of the company#
1	Other Specialized Constructions Activities [Development, Operation and Maintenance of Special Economic zone (SEZ) and Domestic Tariff Area (DTA)]	439	100%

\* As per National Industrial Classification- Ministry of Statistics and Programme Implementation.  
# on the basis of Gross Turnover.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of company	Country	CIN/GLN	Holding/ Subsidiary/ Associate	% holding as at 31.03.2016	Applicable Section
1	Mahindra Lifespace Developers Limited Address- Mahindra Towers 5 <sup>th</sup> FL RD No 13, Worli , Mumbai- 400018, Maharashtra	India	L45200MH1999PLC118949	Holding	74%	Section 2(87)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**a) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	15,00,00,000	15,00,00,000	100%	-	15,00,00,000	15,00,00,000	100%	0.00
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	-	15,00,00,000	15,00,00,000	100%	-	15,00,00,000	15,00,00,000	100%	0.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	15,00,00,000	15,00,00,000	100%	-	15,00,00,000	15,00,00,000	100%	0.00

**b) Shareholding of Promoter-**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change In shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Ltd.	11,09,99,940	73.99%	–	11,09,99,940	73.99%	–	0.00
2	Mahindra Lifespace Developers Ltd. & Mr. Narayan Shankar	10	0.000005%	–	10	0.000005%	–	0.00
3	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.000005%	–	10	0.000005%	–	0.00
4	Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO)	3,90,00,000	26%	–	3,90,00,000	26%	–	0.00
5	Mahindra Lifespace Developers Ltd. & Mr. Suhas Kulkarni	10	0.000005%	–	10	0.000005%	–	0.00
6	Mahindra Lifespace Developers Ltd. & Ms. Anita Arjundas	10	0.000005%	–	10	0.000005%	–	0.00
7	Mahindra Lifespace Developers Ltd. & Ms. Sangeeta Prasad	10	0.000005%	–	10	0.000005%	–	0.00
8	Mahindra Lifespace Developers Ltd & Mr. Sanjay Srivastava	10	0.000005%	–	10	0.000005%	–	0.00
	<b>Total</b>	<b>15,00,00,000</b>	<b>100.00</b>	<b>–</b>	<b>15,00,00,000</b>	<b>100.00</b>	<b>–</b>	<b>0.00</b>

**c) Change in Promoters' Shareholding (please specify, if there is no change): No Change**

**d) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): Nil**

**e) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>				
	Mahindra Lifespace Developers Ltd. And Mr. Arun Nanda	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Ltd. And Ms. Anita Arjundas	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Ltd. And Ms. Sangeeta Prasad	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Ltd. And Mr. Sanjay Srivastava	10	0.000005	10	0.000005
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	<b>At the end of the year</b>				
	Mahindra Lifespace Developers Ltd. And Mr. Arun Nanda	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Ltd. And Ms. Anita Arjundas	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Ltd. And Ms. Sangeeta Prasad	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Ltd. And Mr. Sanjay Srivastava	10	0.000005	10	0.000005

**f) Indebtedness** - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,15,76,95,835	–	–	3,15,76,95,835
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	38,88,39,968	–	–	38,88,39,968
<b>Total (i + ii + iii)</b>	<b>3,54,65,35,803</b>	<b>–</b>	<b>–</b>	<b>3,54,65,35,803</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	52,42,95,228	–	–	52,42,95,228
– Reduction	(80,38,09,237)	–	–	(80,38,09,237)
<b>Net Change</b>	<b>(27,95,14,009)</b>	<b>–</b>	<b>–</b>	<b>(27,95,14,009)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,90,00,00,000	–	–	2,90,00,00,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	36,70,21,794	–	–	36,70,21,794
<b>Total (i + ii + iii)</b>	<b>3,26,70,21,794</b>	<b>–</b>	<b>–</b>	<b>3,26,70,21,794</b>

**V REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Mr. Sanjay Srivastava (Manager)	–	–	–	
1.	Gross salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,04,90,187	–	–	–	1,04,90,187
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7,84,967	–	–	–	7,84,967
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	–	–	–	–	–
2.	Stock Option related perquisites	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission – as % of profit – others, specify	–	–	–	–	–
5.	Others, please specify SAR's	–	–	–	–	–
	Total (A)	1,12,75,154	–	–	–	1,12,75,154
	Ceiling as per the Act	2,40,00,000				2,40,00,000

**B. Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Maheswar Sahu	Mr. Salil Singhal	–	–	
1	Independent Directors					
	Fee for attending board committee meetings	1,30,000	60,000	–	–	1,90,000
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (1)	1,30,000	60,000	–	–	1,90,000
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Maheswar Sahu	Mr. Salil Singhal	—	—	
	Total (2)	—	—	—	—	—
	Total (B)=(1+2)	1,30,000	60,000			1,90,000
	Total Managerial Remuneration (A + B)	—	—	—	—	1,14,65,154
	Overall Ceiling as per the Act	2,40,00,000				2,40,00,000

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	2,58,827	45,05,711.90	47,64,538.90
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	34,551	7,00,806.10	7,35,357.10
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option related perquisites	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission	—	—	—	—
	- as % of profit	—	—	—	—
	others, specify	—	—	—	—
5	Others, please specify	—	—	—	—
	Total	—	2,93,378	52,06,518	54,99,896

XII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There was no penalties/punishments/compounding of offences for the year ending 31.03.2016

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board,

Ms. Anita Arjundas  
Director  
DIN: 00243215

Ms. Sangeeta Prasad  
Director  
DIN: 02791944

Jaipur, 21<sup>st</sup> April, 2016

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF MAHINDRA WORLD CITY (JAIPUR) LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA WORLD CITY (JAIPUR) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 28 to the financial statements).
  - ii. The Company did not have material foreseeable losses on long-term contracts and the Company did not have any derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*  
(Firm's Registration No. 008072S)

**Geetha Suryanarayanan**  
*Partner*  
(Membership No. 29519)

*Place: Chennai*  
*Date: April 21, 2016*

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph f under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Mahindra World City (Jaipur) Limited** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants  
(Firm’s Registration No. 008072S)*

**Geetha Suryanarayana**

*Partner  
(Membership No. 29519)*

*Place: Chennai  
Date: April 21, 2016*

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of Fixed assets:
- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) With respect to the leasehold land on which the properties are constructed by the company, based on examination of the registered lease deeds provided to us, we report that the lease agreements are in the name of the Company as at the balance sheet date where the company is the lessee in the agreement.
- (ii) In respect of its inventories, in our opinion and according to the information and explanations given to us, having regard to the nature of inventories, the physical verification by way of verification of lease deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at any time during the year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund,

Employees' State Insurance, Income-tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of statutory dues which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the Amount Relates	Amount involved (Rs. in lakhs)	Amount unpaid (Rs. in Lakhs)
Jaipur Development Authority Act 1982 (JDA Act)	Urban assessment/ Shahri Jamabandi	Jaipur Development Authority	2006-16	32,179	31,729

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company has been noticed or reported during the year; we have been informed that a minor fraud committed by an employee on the Company has been noticed and reported during the year.
- (xi) In our opinion and according to the information and explanations given to us and based on the Company's confirmation that they are covered under Para d, Section III (Remuneration payable by companies having no profit or inadequate profit without Central Government approval in certain special circumstances), Part II of Schedule V to the Companies Act 2013, relating to company in a Special Economic Zone as notified by Department of Commerce, the managerial remuneration paid/provided by the Company is in accordance with Section 197 read with the above Schedule V of the Companies Act 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance



with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with

its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants  
(Firm's Registration No. 008072S)*

**Geetha Suryanarayana**  
*Partner  
(Membership No. 29519)*

*Place: Chennai  
Date: April 21, 2016*

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	As at	As at
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
		₹	₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's funds</b>			
(a) Share capital .....	3	2,000,000,000	2,000,000,000
(b) Reserves & Surplus.....	4	627,410,643	601,104,936
		<u>2,627,410,643</u>	<u>2,601,104,936</u>
<b>2 Non-Current liabilities</b>			
(a) Long term Borrowings .....	5	1,650,000,000	2,400,000,000
(b) Deferred tax liabilities (Net).....	6	191,255,661	178,273,043
(c) Other long term liabilities.....	7	30,694,666	44,542,026
(d) Long term provisions .....	8	115,792,904	140,686,719
		<u>1,987,743,231</u>	<u>2,763,501,788</u>
<b>3 Current liabilities</b>			
(a) Short term Borrowings.....	9	500,000,000	7,695,835
(b) Trade payables	10		
Total outstanding dues of micro enterprises and small enterprises.....		10,150,185	11,192,141
Total outstanding dues of creditors other than micro enterprises and small enterprises.....		78,181,215	74,842,969
(c) Other current liabilities .....	11	1,401,768,265	1,340,341,991
(d) Short term provisions.....	12	104,954,469	102,966,831
		<u>2,095,054,134</u>	<u>1,537,039,767</u>
<b>TOTAL.....</b>		<u><b>6,710,208,008</b></u>	<u><b>6,901,646,491</b></u>
<b>B ASSETS</b>			
<b>1 Non-Current assets</b>			
(a) Fixed Assets			
(i) Tangible assets.....	13	1,626,451,385	1,590,618,913
(ii) Intangible assets .....	14	1	1
(iii) Capital work in progress.....		19,539,606	65,396,914
		<u>1,645,990,992</u>	<u>1,656,015,828</u>
(b) Long term loans and advances .....	15	182,154,168	157,428,379
		<u>1,828,145,160</u>	<u>1,813,444,207</u>
<b>2 Current assets</b>			
(a) Current Investments .....	16	42,206,167	586,379,798
(b) Inventories .....	17	4,626,565,778	4,369,752,207
(c) Trade receivables .....	18	82,065,447	62,242,370
(d) Cash and cash equivalents .....	19	89,061,919	51,720,495
(e) Short term loans and advances .....	20	36,821,331	8,490,665
(f) Other current assets.....	21	5,342,206	9,616,749
		<u>4,882,062,848</u>	<u>5,088,202,284</u>
<b>TOTAL.....</b>		<u><b>6,710,208,008</b></u>	<u><b>6,901,646,491</b></u>

See accompanying notes forming part of the Financial Statements  
In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : April 21, 2016

**Sanjay Srivastava**  
Manager & COO

**Sanjay Jain**  
Chief Financial Officer

**Prashi Jain**  
Company Secretary  
(ACS: 37806)

For and on behalf of the Board of Directors

**Veenu Gupta** Director (DIN: 02170999)  
**Sangeeta Prasad** Director (DIN: 02791944)

Place : Jaipur  
Date : April 21, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note No.	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015	
		₹	₹	
<b>INCOME</b>				
1	Revenue from operations .....	22	824,349,462	1,316,208,689
2	Other income .....	23	43,310,819	26,617,441
3	<b>Total Revenue</b> .....		<b>867,660,281</b>	<b>1,342,826,130</b>
<b>4 EXPENDITURE</b>				
	Cost of land and Project development.....		220,065,530	64,874,951
	Changes in Inventories of Work in Progress .....	24	(256,813,571)	222,486
	Employee benefits expense .....	25	64,840,347	60,899,143
	Finance costs.....	26	362,414,368	412,291,682
	Depreciation and amortization expense .....	13	85,769,365	65,989,323
	Other expenses.....	27	189,775,688	184,917,218
			<b>666,051,727</b>	<b>789,194,803</b>
	Less : Capitalized .....		(2,803,771)	(7,903,986)
			<b>663,247,956</b>	<b>781,290,817</b>
5	<b>Profit before tax</b>		<b>204,412,325</b>	<b>561,535,313</b>
6	<b>Tax expense:</b>			
	(a) Current tax.....		62,820,000	137,267,500
	(b) (Less): MAT Credit .....		-	-
	(c) Net Current Tax expense .....		62,820,000	137,267,500
	(b) Deferred tax.....		12,982,618	44,377,765
7	<b>Profit for the year</b> .....		<b>128,609,707</b>	<b>379,890,048</b>
	Basic and diluted earnings per share (₹) ....		<b>0.54</b>	<b>2.21</b>

See accompanying notes forming part of the Financial Statements  
In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : April 21, 2016

**Sanjay Srivastava**  
Manager & COO

**Sanjay Jain**  
Chief Financial Officer

**Prashi Jain**  
Company Secretary  
(ACS: 37806)

For and on behalf of the Board of Directors

**Veenu Gupta** Director (DIN: 02170999)  
**Sangeeta Prasad** Director (DIN: 02791944)

Place : Jaipur  
Date : April 21, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	₹	₹
<b>A. Cash flow from operating activities</b>		
Net Profit before tax .....	204,412,325	561,535,313
<b>Adjustments for:</b>		
Depreciation and Amortization .....	85,769,365	65,989,323
Finance costs .....	362,414,368	412,291,682
Gain on redemption of Mutual Fund Investments .....	(34,333,207)	(20,973,762)
Interest income .....	(6,648,115)	(5,625,022)
Operating profit before working capital changes .....	611,614,736	1,013,217,534
Changes in working capital:		
<i>Adjustments for (Increase)/decrease in operating assets</i>		
Inventories .....	(256,813,571)	(1,832,768)
Trade receivables .....	(19,823,076)	38,352,625
Short Term Loans and advances .....	(28,330,666)	16,568,287
Long term Loans and advances .....	(39,259,582)	(3,739,562)
Other Current Assets .....	4,690,923	4,039,338
<i>Adjustments for Increase/(Decrease) in operating liabilities</i>		
Trade Payables .....	2,296,290	22,945,217
Other Current Liabilities .....	68,059,108	(77,790,748)
Other Long term Liabilities .....	(13,847,360)	9,583,653
Short Term Provisions .....	1,987,638	(52,729,251)
Long Term Provision .....	1,921,267	(4,021,529)
Cash generated from Operations .....	332,495,707	964,592,796
Income Tax paid .....	(53,739,136)	(141,011,150)
<b>Net cash flow from operating activities (A) .....</b>	<b>278,756,571</b>	<b>823,581,646</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances .....	(81,921,343)	(134,018,806)
Net movement in deposits not considered as Cash and cash equivalents .....	10,489,031	12,486,522
Interest received .....	6,231,735	8,839,919
Gain on redemption of Mutual Fund Investments .....	34,333,207	20,973,762
<b>Net cash flow from/(used) in investing activities (B) .....</b>	<b>(30,867,370)</b>	<b>(91,718,603)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings .....	-	650,000,000
Repayment of long-term borrowings .....	(750,000,000)	(661,000,000)
Proceeds/(Repayment) of working capital borrowings .....	492,304,165	7,695,835
Dividend including dividend distribution tax paid .....	(102,304,000)	(116,995,000)
Finance costs paid .....	(384,232,542)	(324,212,669)
<b>Net cash flow (used) in financing activities (C) .....</b>	<b>(744,232,377)</b>	<b>(444,511,834)</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C) .....</b>	<b>(496,343,176)</b>	287,351,209
Cash and cash equivalents at the beginning of the year .....	601,533,398	314,182,189
<b>Cash and cash equivalents at the end of the year .....</b>	<b>105,190,222</b>	<b>601,533,398</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 19) .....	89,061,919	51,720,495
Less: Bank balances not considered as Cash and cash equivalents		
(i) in deposit accounts maturing after 3 months.....	9,402,303	12,536,404
(ii) in earmarked accounts (Refer Note 19) .....	16,675,561	24,030,491
Net Cash and cash equivalents.....	62,984,055	15,153,600
Add: Current investments considered as part of Cash and cash equivalents		
Investment in units of Mutual Funds (Refer Note 16).....	42,206,167	586,379,798
	<b>105,190,222</b>	<b>601,533,398</b>
<b>Cash and cash equivalents at the end of the year*</b>		
* Comprises:		
(a) Cash on hand.....	20,014	62,035
(b) Balances with banks		
(i) In current accounts.....	62,964,041	15,091,565
(ii) In deposit accounts with original maturity of less than 3 months.....	-	-
(c) Current investments considered as part of Cash and cash equivalents (Refer Note 16).....	42,206,167	586,379,798
	<b>105,190,222</b>	<b>601,533,398</b>

See accompanying notes forming part of the Financial Statements  
In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : April 21, 2016

**Sanjay Srivastava**  
Manager & COO

**Sanjay Jain**  
Chief Financial Officer

**Prashi Jain**  
Company Secretary  
(ACS: 37806)

For and on behalf of the Board of Directors

**Veenu Gupta** Director (DIN: 02170999)  
**Sangeeta Prasad** Director (DIN: 02791944)

Place : Jaipur  
Date : April 21, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Note 1. Corporate information

The Company is engaged in the business of development of an Industrial park with Special Economic Zone (SEZ) and Domestic Tariff Area (DTA). The Company acquires land under lease, incurs expenditure on its development and related infrastructure facilities and gives them on a long term lease for industrial, commercial and residential use. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees.

### Note 2. Significant accounting policies

#### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

#### 2.3 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

#### 2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.6 Depreciation and amortization

Depreciation is provided on straight line method from the date the assets are put to use in accordance with Schedule II to Companies Act, 2013 based on estimated useful life of tangible assets.

Leasehold land is amortized over the period of lease i.e. 99 years.

Cost of Interiors of building given on lease is amortized over the period of lease.

Assets costing less than ₹ 5,000 is depreciated fully in the year of purchase.

Motor Vehicle provided to employees by the company is depreciated over a period of 48 months.

Life of DG and HVAC Plant and Machinery has been depreciated over 12 years.

Intangible assets are amortized over their estimated useful life as follows:

Software expenditure incurred is amortized over three years.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

#### 2.7 Revenue recognition

- a) Land lease premium is recognized as income upon creation of leasehold rights in favor of the lessee or upon an agreement to create leasehold rights with handing over of possession.
- b) Income from properties and other assets given under operating lease is recognised based on the terms of lease agreement on a straight line basis over the non cancellable lease period.
- c) Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

#### 2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for, when the right to receive it is established.

#### 2.9 Fixed assets (Tangible and Intangible assets)

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

#### Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

#### 2.10 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year end as applicable, and gain/loss arising out of such translation is adjusted to the profit and loss account.

#### 2.11 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

#### 2.12 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

#### Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

### Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- in case of non-accumulating compensated absences, when the absences occur.

### Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

### 2.13 Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalization of such assets are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### 2.14 Segment reporting

The Company has a single reportable segment namely, lease of land and properties constructed thereon.

### 2.15 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The assets given by the Company on operating leases are capitalised in the books as fixed assets. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

### 2.16 Earnings per share

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

### 2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that

originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

### 2.18 Impairment of assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

### 2.19 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

### 2.20 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 2.21 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

### Note 3. Share Capital

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Authorized</b>		
150,000,000 equity shares of ₹ 10 each .....	1,500,000,000	1,500,000,000
50,000,000 Preference shares of ₹ 10 each .....	500,000,000	500,000,000
	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>Issued, subscribed and fully paid up</b>		
150,000,000 Equity shares of ₹ 10/- each fully paid up .....	1,500,000,000	1,500,000,000
50,000,000 Preference Share of ₹ 10/- each fully paid up .....	500,000,000	500,000,000
	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>Total .....</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**3.a Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No of Shares	Value of Shares	No of Shares	Value of Shares
<b>Equity Shares</b>				
At the beginning of the year	150,000,000	1,500,000,000	150,000,000	1,500,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	150,000,000	1,500,000,000	150,000,000	1,500,000,000
<b>Preference Shares</b>				
At the beginning of the year	50,000,000	500,000,000	50,000,000	500,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	50,000,000	500,000,000	50,000,000	500,000,000

**3.b Terms/Rights attached to Equity Shares**

The Company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. The amount of dividend proposed to be distributed to equity shareholders is ₹ 4,50,00,000/- (₹ 0.30 per share) (Previous Year ₹ 4,50,00,000/- (₹ 0.30 per share))

Repayment of capital will be in proportion to the number of equity shares held.

**3.c Terms of Conversion/redemption of 8% Redeemable Cumulative Preference Shares (RCPS)**

- The Company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹ 10/- each on 23<sup>rd</sup> December, 2008. These Preference Shares are due for redemption on 23<sup>rd</sup> December, 2016.
- The Company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹ 10/- each on 4<sup>th</sup> November, 2011. The Company is entitled to redeem these shares at the end of 5 years i.e., on 4<sup>th</sup> November, 2016, otherwise redemption can be extended up to the end of 8th year i.e., up to 4<sup>th</sup> November, 2019, with preference shareholders' approval.
- Each holder of RCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to RCPS in case of dividends are in arrear.
- The amount of dividend proposed to be distributed to preference shareholders i.e., ₹ 4,00,00,000/- (₹ 0.80 per share) (Previous Year ₹ 4,00,00,000/- (₹ 0.80 per share))

**3.d Details of shares held by each shareholder holding more than 5% shares:**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No of Shares	Value of Shares	No of Shares	Value of Shares
<b>Holding Company (74%)</b>				
Mahindra Lifespace Developers Limited				
Equity	111,000,000	1,110,000,000	111,000,000	1,110,000,000
Preference Shares	37,000,000	370,000,000	37,000,000	370,000,000
<b>Rajasthan State Industrial Development and Investment Corporation Limited (26%)</b>				
Equity	39,000,000	390,000,000	39,000,000	390,000,000
Preference Shares	13,000,000	130,000,000	13,000,000	130,000,000

**Note 4. Reserves & Surplus**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
<b>(a) Debenture Redemption Reserve</b>		
Opening Balance .....	561,458,333	318,750,000
Add: Additions during the year Transferred from surplus in Statement of Profit & Loss .....	59,375,000	242,708,333
<b>Closing balance .....</b>	<b>620,833,333</b>	<b>561,458,333</b>
<b>(b) Surplus in Statement of Profit and loss</b>		
Opening Balance .....	39,646,603	5,645,332
Less: Adjustment of depreciation on tangible fixed assets with remaining useful life ₹ NIL on transition to Schedule II of the Companies Act, 2013 (Net of deferred tax) (Refer Note 32)....	-	876,444
Add: Profit for the year	128,609,707	379,890,048
Less: Appropriations		
Transferred to Debenture Redemption Reserve.....	59,375,000	242,708,333
Dividends proposed to be distributed to equity shareholders..	45,000,000	45,000,000
Dividends proposed to be distributed to preference shareholders.....	40,000,000	40,000,000
Tax on dividend .....	17,304,000	17,304,000
	<b>6,577,310</b>	<b>39,646,603</b>
<b>Closing balance</b>	<b>Total 627,410,643</b>	<b>601,104,936</b>

**Note 5. Long Term Borrowings (Secured)\*\***

10.00% Redeemable Non Convertible Debentures.....	1,000,000,000	1,750,000,000
10.90% Redeemable Non Convertible Debentures.....	650,000,000	650,000,000
<b>Total</b>	<b>1,650,000,000</b>	<b>2,400,000,000</b>

\*\* (Refer note 11 for current maturities of long term borrowings)

**10.00% Redeemable Non Convertible Debentures**

5.a Company has issued 2,500 Redeemable Secured Non Convertible Debentures of ₹ 10 Lakhs each aggregating to ₹ 250 Crores repayable in 3, 4 and 5 years in the ratio of 30:30:40 respectively along with redemption premium as below:-

Series	A	B	C
Face Value (₹)	1,000,000	1,000,000	1,000,000
No. of Debentures	750	750	1,000
Total Value (₹)	750,000,000	750,000,000	1,000,000,000
Redemption Premium per debenture (₹)	77,835	110,794	147,421
Maturity Date	13-Jul-15 Refer 5.b	13-Jul-16	13-Jul-17

5.b During the year the first tranche of ₹ 75 crore was repaid on 13<sup>th</sup> July 2015 along with premium on redemption of ₹ 5.83 crore.

5.c These Debentures are secured by way of first pari passu charge along with:-

- the debenture holders of ₹ 50 crores as mentioned below in note 9.b. on the assets of the project (excluding specified assets) by way of constructive mortgage through deposit of the title deeds



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

and Hypothecation of movable assets with the Debenture trustee.

- ii) the debenture holders of ₹ 65 crore as mentioned below in note 5.f. on the assets of the project (excluding specified assets) by way of constructive mortgage through deposit of the title deeds with the Debenture Trustee.

The company has to maintain minimum fixed asset coverage ratio (FACR) of 1.25 times at all times during the currency of debentures.

- 5.d Interest on these debentures is payable annually in July.

**10.90% Redeemable Non Convertible Debentures**

- 5.e Company has issued 650 Redeemable Secured Non Convertible Debentures of ₹ 10 Lakhs each aggregating to ₹ 65 crore repayable in 3, 4 and 5 years in the ratio of 31:31:38 respectively as below:-

Series	Series I	Series II	Series III
Face Value (₹)	1,000,000	1,000,000	1,000,000
No. of Debentures	200	200	250
Total Value (₹)	200,000,000	200,000,000	250,000,000
Maturity Date	19-Dec-17	19-Dec-18	19-Dec-19

- 5.f These Debentures are secured by way of first pari passu charge along with the debenture holders of ₹ 175 crore (Out of 250 crore issued in July'12) as mentioned above in note 5.c. and debenture holders of ₹ 50 crore as mentioned below in note 9.b. on the assets of the project (excluding specified assets) by way of constructive mortgage, through deposit of the title deeds with the Debenture Trustee.

The company has to maintain minimum fixed asset coverage ratio (FACR) of 1.25 X at all times during the currency of debentures.

- 5.g Interest on these debentures is payable annually in December.

**Note 6. Deferred Tax Liabilities**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Deferred Tax Liability:</b>		
Fixed Assets.....	195,184,100	182,027,938
Less: Transition Adjustment .....	-	(451,300)
Income accrued based on lease equalization.....	(574,007)	(1,432,542)
	<u>194,610,093</u>	<u>180,144,096</u>
<b>Deferred Tax Assets:</b>		
Accrued expenses allowable on payment .....	3,354,432	1,871,053
<b>Net Deferred tax liability (Total) ..</b>	<u>191,255,661</u>	<u>178,273,043</u>
<b>Deferred tax reconciliation:</b>		
Deferred tax expense for the year based on the movement in net deferred tax liability as at the beginning and the end of the year as shown above .....	12,982,618	43,926,465
<b>Add:</b> Deferred tax impact netted off from depreciation on tangible fixed assets on transition to Schedule II of the Companies Act, 2013 adjusted to opening surplus. Refer Note 4 and 32 .....	-	451,300
<b>Deferred tax impact in the Statement of Profit and Loss .....</b>	<u>12,982,618</u>	<u>44,377,765</u>

**Note 7. Other Long Term Liabilities**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Deposits from lessees .....	30,694,666	44,542,026
<b>Total .....</b>	<u>30,694,666</u>	<u>44,542,026</u>

**Note 8. Long term Provisions**

Compensated absences .....	2,201,796	1,869,763
Gratuity.....	3,897,070	2,307,836
Provision for premium on redemption of debentures (Refer Note 5.a) .....	109,694,038	136,509,120
<b>Total .....</b>	<u>115,792,904</u>	<u>140,686,719</u>

**Note 9. Short Term borrowings (secured)**

9.50% Redeemable Non Convertible Debentures.....	500,000,000	-
Overdraft from banks* .....	-	7,695,835
<b>Total .....</b>	<u>500,000,000</u>	<u>7,695,835</u>

\*Overdraft from banks is secured against earmarked Fixed deposits mentioned in note 19. The overdraft is repayable on demand.

**9.50% Redeemable Non Convertible Debentures**

- 9.a Company has issued 50 Redeemable Secured Non Convertible Debentures of ₹ 1 crore each aggregating to ₹ 50 crore repayable in 1 year with call options on 06<sup>th</sup> January, 2016, 29<sup>th</sup> February, 2016, 06<sup>th</sup> April, 2016 and 06<sup>th</sup> June, 2016. It can be fully exercised on these dates. As of 31<sup>st</sup> March, 2016 company has not exercised its call option.

Series	Series I
Face Value (₹)	10,000,000
No. of Debentures	50
Total Value (₹)	500,000,000
Maturity Date	11-Jul-16

- 9.b These Debentures are secured by way of first pari passu charge along with:-

i) the debenture holders of ₹ 175 crore (Out of 250 crore issued in July'12) as mentioned below in note 5.c. on the assets of the project (excluding specified assets) by way of constructive mortgage through deposit of the title deeds and Hypothecation with the Debenture trustee.

ii) the debenture holders of ₹ 65 crore as mentioned in note 5.f. on the assets of the project (excluding specified assets) by way of constructive mortgage through deposit of the title deeds with the Debenture Trustee.

The company has to maintain minimum fixed asset coverage ratio (FACR) of 1.25 times at all times during the currency of debentures.

- 9.c Interest on these debentures is payable on redemption.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**Note 10. Trade payables**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Trade payables		
Total outstanding dues of micro enterprises and small enterprises...	10,150,185	11,192,141
Total outstanding dues of creditors other than micro enterprises and small enterprises.....	78,181,215	74,842,969
<b>Total</b> .....	<b>88,331,400</b>	<b>86,035,110</b>

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Payable on purchase of Fixed Assets .....	39,353,016	50,982,758
Other liabilities .....	70,328,728	40,687,287
<b>Total</b> .....	<b>1,401,768,265</b>	<b>1,340,341,991</b>

\*\* Refer Note 5.a - Long Term Borrowings - for terms of repayment and security

\*\*\* This premium is towards debentures redeemable in July 2016. Refer Note 5.a

**Note 11. Other current Liabilities**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Current maturities of long term NCDs** .....	750,000,000	750,000,000
Interest accrued and not due on Debentures.....	180,147,024	199,445,344
Premium on redemption of debentures (Refer Note 5.b***).....	77,180,732	52,885,504
Other Payables		
Statutory Remittances .....	2,374,100	3,998,692
Earnest money deposit received .....	497,000	497,000
Advances from customers .....	160,415,904	152,139,193
Deposit from lessees.....	121,471,761	89,706,213

**Note 12. Short term provisions**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Compensated absences .....	2,449,373	627,669
Gratuity.....	201,096	35,162
Proposed Equity Dividend.....	45,000,000	45,000,000
Proposed Preference Dividend .....	40,000,000	40,000,000
Tax on Proposed Dividend .....	17,304,000	17,304,000
<b>Total</b> .....	<b>104,954,469</b>	<b>102,966,831</b>

**Note 13. Fixed Assets**

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 01.04.2015	For the year	Deductions	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>										
Leasehold land	44,308,273	-	-	44,308,273	3,608,107	443,167	-	4,051,274	40,256,999	40,700,166
Buildings										
Owned	456,666,547	73,510,160	-	530,176,707	28,003,037	14,571,710	-	42,574,747	487,601,960	428,663,510
Given under operating lease	993,513,708	985,973	-	994,499,681	93,439,156	20,162,125	-	113,601,281	880,898,400	900,074,552
Plant and machinery										
Owned	102,280,690	43,453,514	-	145,734,204	25,130,180	18,737,585	-	43,867,765	101,866,439	77,150,510
Given under operating lease	118,592,704	754,697	-	119,347,401	34,495,923	13,051,532	-	47,547,455	71,799,946	84,096,781
Office equipment	3,338,288	1,585,123	-	4,923,411	1,447,614	662,489	-	2,110,103	2,813,308	1,890,674
Furniture and fixtures										
Owned	8,728,118	125,400	-	8,853,518	3,235,008	1,148,217	-	4,383,225	4,470,293	5,493,110
Given under operating lease	139,059,988	-	-	139,059,988	89,816,606	14,934,694	-	104,751,300	34,308,688	49,243,382
Computers	5,488,553	595,243	-	6,083,796	4,615,432	679,819	-	5,295,251	788,545	873,121
Vehicles	4,545,739	591,727	-	5,137,466	2,112,632	1,378,027	-	3,490,659	1,646,807	2,433,107
<b>Total Tangible Assets</b>	1,876,522,608	121,601,837	-	1,998,124,445	285,903,695	85,769,365	-	371,673,060	1,626,451,385	1,590,618,913

In ₹

**Note 14. Intangible Assets**

Software	5,203,368	-	-	5,203,368	5,203,367	-	-	5,203,367	1	1
<b>Total Intangible Assets</b>	<b>5,203,368</b>	<b>-</b>	<b>-</b>	<b>5,203,368</b>	<b>5,203,367</b>	<b>-</b>	<b>-</b>	<b>5,203,367</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>1,881,725,976</b>	<b>121,601,837</b>	<b>-</b>	<b>2,003,327,813</b>	<b>291,107,062</b>	<b>85,769,365</b>	<b>-</b>	<b>376,876,427</b>	<b>1,626,451,386</b>	<b>1,590,618,914</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**Note 13. Fixed Assets (Previous Year)**

In ₹

Particulars	Gross Block				Depreciation					Net Block		
	As at 01.04.2014	Additions	Adjustments	Deductions	As at 31.03.2014	As at 01.04.2014	Transition Adjustment (Refer Note 1)	For the year	Deductions	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>Tangible Assets</b>												
Leasehold land	42,253,019	2,055,254	-	-	44,308,273	3,176,032	-	432,075	-	3,608,107	40,700,166	39,076,987
Buildings												
Owned	346,512,637	110,153,910	-	-	456,666,547	20,613,137	-	7,389,900	-	28,003,037	428,663,510	325,899,500
Given under operating lease	988,285,883	5,227,825	-	-	993,513,708	72,691,193	-	20,747,963	-	93,439,156	900,074,552	915,594,690
Plant and machinery												
Owned	73,836,608	28,444,082	-	-	102,280,690	18,775,367	441,053	5,913,760	-	25,130,180	77,150,510	55,061,241
Given under operating lease	118,592,704	-	-	-	118,592,704	22,686,025	-	11,809,898	-	34,495,923	84,096,781	95,906,679
Office equipment	2,191,276	1,147,012	-	-	3,338,288	434,511	463,161	549,942	-	1,447,614	1,890,674	1,756,765
Furniture and fixtures												
Owned	8,461,560	266,558	-	-	8,728,118	2,114,827	-	1,120,181	-	3,235,008	5,493,110	6,346,733
Given under operating lease	139,059,988	-	-	-	139,059,988	73,318,359	-	16,498,247	-	89,816,606	49,243,382	65,741,629
Computers	4,974,345	514,208	-	-	5,488,553	3,413,214	423,530	778,688	-	4,615,432	873,121	1,561,131
Vehicles	4,545,739	-	-	-	4,545,739	1,363,963	-	748,669	-	2,112,632	2,433,107	3,181,776
<b>Total Tangible Assets</b>	<b>1,728,713,759</b>	<b>147,808,849</b>	<b>-</b>	<b>-</b>	<b>1,876,522,608</b>	<b>218,586,628</b>	<b>1,327,744</b>	<b>65,989,323</b>	<b>-</b>	<b>285,903,695</b>	<b>1,590,618,913</b>	<b>1,510,127,131</b>

**Note 14. Intangible Assets (Previous Year)**

In ₹

Software	5,203,368	-	-	-	5,203,368	5,203,367	-	-	-	5,203,367	1	1
<b>Total Intangible Assets</b>	<b>5,203,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,203,368</b>	<b>5,203,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,203,367</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>1,733,917,127</b>	<b>147,808,849</b>	<b>-</b>	<b>-</b>	<b>1,881,725,976</b>	<b>223,789,995</b>	<b>1,327,744</b>	<b>65,989,323</b>	<b>-</b>	<b>291,107,062</b>	<b>1,590,618,914</b>	<b>1,510,127,132</b>

**Note 15. Long term Loans and advances  
(Unsecured unless otherwise  
stated and considered good.)**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Capital advances (Secured by Bank Guarantee from vendors) .....	3,664,630	9,117,559
Security deposits .....	8,628,964	7,051,064
Deposits in respect of premises taken on lease .....	186,168	186,168
Export duty refund receivable .....	8,290,887	8,290,887
Advance income tax (net of provisions) .....	108,855,899	117,936,763
Prepaid expenses .....	52,527,620	14,845,938
<b>Total .....</b>	<b>182,154,168</b>	<b>157,428,379</b>

Particulars	Units		₹	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
DSP Black Rock Money manager Fund - Direct plan - growth .....		231		431,269
JM Money Manager Fund Super Plus Plan - Growth .....		7,846,192		152,024,210
IDFC Money Manager Fund - Treasury Plan .....		3,631,816		80,000,000
JM High Liquidity Fund - Growth Option (452) .....	48,834	778,187	2,008,684	29,511,947
JM - Floater Long Term Fund Direct Growth Option .....	449,783		10,433,594	
BSL Cash Plus Direct Growth .....	20,719		5,014,525	
IDFC Cash Fund - Growth - Direct Plan .....	8,729		16,011,815	
Reliance Interval Fund Quarterly Plan Series - II .....		2,642,371		50,000,000
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan - Growth Option .....		2,063		7,000,000
Birla Sunlife Savings Fund .....	30,037		8,737,549	
Templeton India Ultra Short Bond Fund Super Institutional Plan - Direct Growth .....		10,631,481		192,412,372
<b>Total .....</b>	<b>558,102</b>	<b>30,841,173</b>	<b>42,206,167</b>	<b>586,379,798</b>

**Note 16. Current Investments (At lower of cost and fair value)**

Particulars	Units		₹	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Investment in Mutual funds (unquoted & non trade)				
ICICI - Ultra Short Term Plan - Direct Growth .....		5,308,832		75,000,000

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**Note 17. Inventories (at lower of cost and net realisable value)**

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹	₹
Work In Progress .....	4,626,565,778	4,369,752,207
<i>(representing cost of land and related expenditure including borrowing costs)</i>		
<b>Total .....</b>	<b>4,626,565,778</b>	<b>4,369,752,207</b>

**Note 18. Trade Receivable. (Unsecured considered good)**

Trade receivables outstanding for a period exceeding six months from the date they were due for payment.....	4,27,08,576	4,86,55,348
Other Trade receivables .....	3,93,56,871	1,35,87,022
<b>Total .....</b>	<b>8,20,65,447</b>	<b>6,22,42,370</b>

**Note 19. Cash and cash equivalents**

Cash on hand .....	20,014	62,035
Balances with Banks		
in Current account.....	6,29,64,041	1,50,91,565
In Deposits maturing after 3 months....	9,402,303	12,536,404
in earmarked deposits (with restriction on usage)* .....	1,66,75,561	2,40,30,491
<b>Total .....</b>	<b>8,90,61,919</b>	<b>5,17,20,495</b>

\* The earmarked deposits are given as security against term loan, Bank over draft and other non-fund based facilities.

**Note 20. Short term Loans and advances (Unsecured, considered good unless otherwise stated)**

Prepaid expenses .....	3,456,269	2,096,367
Mobilization and other advances given to vendors (secured against bank guarantee) .....	-	1,962,834
Balances with Government authorities (Service tax) .....	5,360,232	1,542,179
Other advances given to vendors.....	27,991,920	2,889,285
Other recoverable from Employees.....	12,910	-
<b>Total .....</b>	<b>36,821,331</b>	<b>8,490,665</b>

**Note 21. Other current assets**

Deferred lease rent .....	1,658,596	5,949,519
Interest accrued on Fixed Deposits.....	2,683,610	2,267,230
Contractually recoverable expenses.....	1,000,000	1,400,000
<b>Total .....</b>	<b>5,342,206</b>	<b>9,616,749</b>

**Note 22. Revenue from operations**

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹	₹
Land Lease Premium .....	489,437,704	1,032,810,158
Property Rentals .....	187,276,728	171,009,364
Income from Operation and Maintenance.....	147,635,030	112,389,167
<b>Total .....</b>	<b>824,349,462</b>	<b>1,316,208,689</b>

**Note 23. Other Income**

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹	₹
Interest on		
Deposits from Banks .....	4,214,428	4,699,001
Others .....	2,433,687	926,021
Gain on Redemption of Mutual funds .....	34,333,207	20,973,762
Miscellaneous Income.....	48,400	18,657
Liabilities no longer required written back.....	2,281,097	-
<b>Total .....</b>	<b>43,310,819</b>	<b>26,617,441</b>

**Note 24. Changes in Inventory of Work in Progress**

Opening work in progress .....	4,369,752,207	4,369,974,693
Less: Closing work in progress .....	4,626,565,778	4,369,752,207
<b>Total .....</b>	<b>(256,813,571)</b>	<b>222,486</b>

**Note 25. Employee Benefits Expense**

Salaries, Wages and Bonus...	59,096,610	55,644,447
Contribution to Provident and other funds.....	2,078,283	1,816,273
Gratuity.....	2,104,457	1,328,020
Staff welfare .....	1,560,997	2,110,403
<b>Total .....</b>	<b>64,840,347</b>	<b>60,899,143</b>

**Note 26. Finance Costs**

Interest on Term Loans.....	-	54,012,174
Interest on Inter Corporate Deposits .....	-	7,085,616
Interest on Debentures.....	301,939,899	269,993,288
Premium on Redemption of Debentures.....	55,856,396	69,686,530
Interest - Others.....	56,666	1,548,520
Other Borrowing Costs.....	4,561,407	9,965,554
<b>Total .....</b>	<b>362,414,368</b>	<b>412,291,682</b>

**Note 27. Other Expenses**

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹	₹
Legal and Professional.....	6,193,533	3,931,669
Electricity.....	26,229,815	19,578,870
Rent.....	1,285,522	1,312,846
Rates and Taxes .....	286,920	711,790
Insurance .....	2,208,323	2,838,364

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Repairs and Maintenance .....	6,207,872	5,457,545
Commission .....	1,617,600	10,536,082
Marketing & Advertisement .....	24,956,331	28,136,807
Operation & Maintenance Expenses .....	100,290,124	93,966,043
Travelling and Conveyance .....	8,882,461	8,883,403
Communication .....	1,209,791	1,283,046
Payments to auditors (Refer Note (i) below) .....	1,011,294	931,788
Expenditure on Corporate Social Responsibility .....	7,994,201	5,026,506
Miscellaneous Expenses .....	1,401,901	2,322,459
<b>Total .....</b>	<b>189,775,688</b>	<b>184,917,218</b>

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Payment to the auditors comprises (net of service tax refund) .....		
Statutory Audit .....	630,000	575,000
Other services .....	372,000	350,000
Reimbursement of expenses .....	9,294	6,788
<b>Total .....</b>	<b>1,011,294</b>	<b>931,788</b>

**Additional information to the financial statements**
**Note 28. Contingent liabilities and commitments (to the extent not provided for)**

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>(i) Contingent liabilities</b>		
<b>(a) Income Tax matters disputed and under appeal</b>		
By Company .....	-	3,072,880
By Tax authorities .....	17,341,638	17,341,638
<b>(b) Demands received by the company not acknowledged as debt</b>		
Shehri Jamabandi (Urban assessment/ Ground rent demanded by Jaipur Development Authority, Government of Rajasthan) .....	3,217,938,890	-

**Note:-**

The above amount is based on demands raised, which the company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's rights for future appeals.

(c) Rajasthan Entry Tax ...	3,028,161	4,292,646
-----------------------------	-----------	-----------

**(ii) Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for on Tangible Assets

	77,041,393	33,197,642
--	------------	------------

**Note 29. Due to Micro, Small and Medium Enterprises**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Principal Amount remaining unpaid to any supplier at the end of the accounting year ...	10,150,185	11,192,141

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

There is no overdue amounts any time during the year and hence no interest amount is due or paid during the year.

**Note 30. Value of imports calculated on CIF basis**

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Capital Goods .....	-	6,297,804

**Note 31. Expenditure in foreign currency**

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Travel .....	348,555	-
Advertisement .....	-	272,639
Subscription .....	199,257	255,299
	<b>547,812</b>	<b>527,938</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**Disclosures under Accounting Standards**
**Additional information to the financial statements - Employee benefits**
**Note Disclosures on Employee share based payments:**

**Note 32(a)** Under the following Employee Stock Option Schemes, Mahindra Lifespace Developers Limited, the parent company issued equity – settled options to the employees of the Company as per the following details:

In ₹

ESOS Scheme	Date of grant	No. of options granted	Options vested	Options exercised	Options lapsed	Options outstanding as at		Employee compensation cost incurred by the Parent company and not charged to the Company for the	
						31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	year ended 31 <sup>st</sup> March, 2016	year ended 31 <sup>st</sup> March, 2015
ESOS 2008	25 <sup>th</sup> April, 2008	64,550	49,450	1,250	13,550	49,750	49,750	-	-
ESOS 2012	4 <sup>th</sup> August, 2012	11,000	4,300	2,350	1,950	6,700	7,600	616,495	1,073,303
	17 <sup>th</sup> October, 2014	9,000	1,500	300	-	8,700	9,000	1,138,669	474,445
	28 <sup>th</sup> January, 2016	2,500	-	-	-	2,500	-	45,974	-
<b>Total charge for the year</b>								<b>1,801,138</b>	<b>1,547,748</b>

**Other terms**

ESOS Scheme	ESOS 2008	ESOS 2012
Exercise price	₹ 428/share	₹ 10/share
Vesting Conditions	25 % each on expiry of 12, 24, 36 and 48 months from the date of grant	20 % each on expiry of 12 and 24 months and 30 % each on expiry of 36 and 48 months from the date of grant
Contractual life	5 years from the date of individual vesting.	

The Parent company has adopted intrinsic value method for computing the compensation cost for the Options granted. The Intrinsic value, i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period in the books of the parent company. The Parent company has also confirmed that there will be no recovery of the above ESOP cost from the Company.

**Note:** The above details are as provided by the parent company and the auditors have placed reliance on the same.

**Note 32(b) Employee Benefits**

	Gratuity (Unfunded)		Gratuity (Unfunded)		
	2015-16 ₹	2014-15 ₹	2015-16 ₹	2014-15 ₹	
a. <b>Net Asset/(Liability) recognized in the balance sheet as at March 31, 2016</b>					Benefits Paid .....
Liability recognised in the balance sheet	4,098,166	2,342,998			(349,289) (464,009)
Non current .....	3,897,070	2,307,836			Present value of the obligation as at the end of the year .....
Current .....	201,096	35,162			4,098,166 2,342,998
b. <b>Expense recognized in the Profit &amp; Loss account</b>					d. <b>Principal actuarial assumptions.....</b>
Past service cost.....	1,307,032	-			Discount Rate .....
Current Service cost.....	635,336	653,788			7.46% 7.77%
Interest cost .....	168,481	114,722			Mortality Rate .....
Actuarial (gains)/Losses .....	(6,392)	559,510			IALM IALM (2006-08) (2006-08) Ultimate Ultimate
Total expenses	2,104,457	1,328,020			e. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.
c. <b>Change in present value of Defined Benefit obligation</b>					f. <b>Experience adjustment as provided by actuary:</b>
Present Value of the obligation at the beginning of the year .....	2,342,998	1,478,987			Year
Past service cost.....	1,307,032	-			2015-16 2014-15 2013-14 2012-13 2011-12
Current Service cost.....	635,336	653,788			Present value of obligation
Interest Cost.....	168,481	114,722			4,098,166 2,342,998 1,478,987 2,270,331 2,527,755
Actuarial (Gains)/Losses.....	(6,392)	559,510			Experience adjustment on plan liabilities
					50,247 95,631 (162,668) (169,416) (126,336)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**Note 33. Details of borrowing costs capitalized**

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Borrowing cost capitalized during the year as		
– Inventory	144,752,942	183,519,809

**Note 34. Related party transactions**

Details of related parties:

Particulars	
Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

**Particulars**

Fellow Subsidiaries	Mahindra Integrated Business Solutions Private Limited Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited) Mahindra Consulting Engineers Limited Mahindra Holidays & Resorts India Limited
Key Management Personnel (KMP)	Mr. Sanjay Srivastava - Chief Operating Officer Mr. Sanjay Jain - Chief Financial Officer Ms. Prashi Jain - Company Secretary (KMP from Current year)

Note: Related parties have been identified by the Management and disclosed where transaction entered into.

**Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31<sup>st</sup> March, 2016:**

Particulars	In ₹								
	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited	Mahindra Holidays & Resorts India Limited	Mahindra Consulting Engineers Limited	Mr. Sanjay Srivastava	Mr. Sanjay Jain	Ms. Prashi Jain
Rendering of services	2,911,118 (1,585,564)			12,000 (12,000)					
Receiving of services	826,260 (831,740)		108,500 (108,000)		– (1,277,067)	– (95,000)			
Security Deposit Received	135,000 (–)								
Finance (including loans and equity contributions in cash or in kind)									
ICD Taken		– (20,000,000)							
ICD Repaid		– (20,000,000)							
Interest on ICD		– (7,085,616)							
Preference Shares Dividend Paid		29,600,000 (29,600,000)							
Equity Shares Dividend Paid		33,300,000 (44,400,000)							
Remuneration							112,75,154 (9,968,046)	5,206,518 (4,680,569)	293,378 (–)
<b>Balances outstanding at the end of the year</b>									
Trade receivables	843,763 (–)			2,446 (6,742)					
Trade payables	2,148,493 (486,757)	– (–)	19,019 (9,315)		– (–)	– (–)	– (–)	– (–)	– (–)
Deposits Payable	834,518 (699,518)								

Note 1: Figures Shown above do not include the re-imburement amounts.

Note 2: Figures in bracket relate to the previous year.

**Note 35. Leases**

The Company's leasing arrangements are in respect of commercial premises given under operating lease.

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Gross carrying amount of premises and other assets	1,252,907,070	1,243,382,226
Accumulated depreciation	265,900,036	217,269,532
Depreciation for the year	48,148,351	48,573,955

Future minimum lease payments under non-cancellable operating leases (lock in period of 2 to 3 years for the building and 9 years 5 months for interiors)

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Not later than 1 year	66,368,702	13,703,238
Later than 1 year and not later than 5 years	118,853,519	164,771,545
Later than 5 years	3,127,235	101,559,471

**Significant Leasing Arrangements**

Lease is non-cancellable during the lock in period.

In respect of buildings, primary lease period is for 5 years, renewable for further 2 terms of 5 years each.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**Note 36. Earnings per share**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Basic &amp; Diluted</b>		
Net profit for the year from continuing operations	<b>128,609,707</b>	379,890,048
Less: Preference dividend and tax thereon	<b>48,143,059</b>	48,143,059
Net profit for the year from continuing operations attributable to the equity shareholders	<b>80,466,648</b>	331,746,989
Weighted average number of equity shares	<b>150,000,000</b>	150,000,000
Par value per share	<b>10</b>	10
Earnings per share from continuing operations - Basic & Diluted	<b>0.54</b>	2.21

**Note 37.** (i) The Company does not have material foreseeable losses on long term contracts as on March 31, 2016.

(ii) The Company did not enter into any derivative contracts during the year.

(iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

**Note 38.** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : April 21, 2016

**Sanjay Srivastava**  
Manager & COO

**Sanjay Jain**  
Chief Financial Officer

**Prashi Jain**  
Company Secretary  
(ACS: 37806)

For and on behalf of the Board of Directors

**Veenu Gupta** Director (DIN: 02170999)  
**Sangeeta Prasad** Director (DIN: 02791944)

Place : Jaipur  
Date : April 21, 2016



## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventeenth Report together with the financial statements of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Amount in ₹)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Income	18,95,20,341	16,71,93,925
Profit before Depreciation and Tax	8,77,22,312	2,72,63,692
Less: Depreciation	7,48,431	13,74,116
Profit before Taxation	8,69,73,881	2,58,89,576
Less: Provision for Taxation		
Current Tax	3,08,07,509	2,71,49,660
Deferred Tax	(4,56,818)	(1,86,37,082)
Profit after Taxation	5,66,23,190	1,73,76,998
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	-	11,21,808
Balance of Profit carried forward	5,66,23,190	1,62,55,190
Net Worth	50,17,72,764	44,51,49,574

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

### OPERATIONS

In the current year, the Company has rendered operation and maintenance services for the plant and facilities of New Tirupur Area Development Corporation Limited (NTADCL) at Tirupur under the operations and maintenance agreement. The Company consistently maintained high quality standards in its operations. As in the previous year, the water off-take this year too saw a steady improvement.

Your Company's income has gone up from Rs.1671.94 Lakhs to Rs.1895.20 Lakhs, recording an increase of 13% over the previous year and the Profit after Tax has increased from Rs.173.77 Lakhs to Rs.566.23 Lakhs.

### DIVIDEND

With a view to conserve cash resources for the future growth of your Company, the Directors deem it prudent not to recommend a dividend for the year.

### SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2016 was Rupees 10 Lakhs divided into 1,00,000 Equity Shares of Rs. 10/- each. During the year under review the Company has not issued any shares or any convertible instruments.

The Company has on 29<sup>th</sup> April, 2015 entered into a Share Purchase Agreement with Mahindra Infrastructure Developers Limited, United Utilities International Limited and United Utilities Overseas Holdings Limited in order to enable Mahindra Infrastructure Developers Limited to purchase 48,999 Shares from United Utilities International Limited.

Accordingly, your Company has become the subsidiary Company of Mahindra Infrastructure Developers Limited with effect from 27<sup>th</sup> July, 2015.

### BOARD OF DIRECTORS

#### Composition:

Sr. No.	Name of Director & DIN	Designation	Executive/ Non Executive	Independent/ Non Independent
1.	Narayan Shankar (DIN: 00109111)	Director	Non Executive	Non Independent
2.	Sundaram Venkatraman (DIN: 00077193)	Director	Non Executive	Non Independent
3.	Srinath Ramamurthy (DIN: 07063293)	Director	Non Executive	Non Independent

Mr. Sundaram Venkatraman (DIN: 00077193) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Mr. Simon Roger Gardiner (DIN: 03164125) resigned from the Board with effect from 29<sup>th</sup> April, 2015.

Your Directors place on record sincere appreciation of the valuable contribution made by Mr. Simon Roger Gardiner.

### MEETINGS

The Board of Directors met four times during the year under review viz., on 29<sup>th</sup> April, 2015, 27<sup>th</sup> July, 2015, 19<sup>th</sup> October, 2015, and 25<sup>th</sup> January, 2016. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the Meeting of the Board was as follows:

Name of the Director	No. of Meetings attended out of 4
Mr. Narayan Shankar	4
Mr. Sundaram Venkatraman	3
Mr. Srinath Ramamurthy#	3
Mr. Simon Gardiner*	1

#Appointed with effect from 29<sup>th</sup> April, 2015.

\*Resigned with effect from 29<sup>th</sup> April, 2015.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) That such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at 31<sup>st</sup> March, 2016 and of the profit of the Company for the financial year ended on that date;
- (c) That proper and sufficient care has been 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) That the annual accounts have been prepared on a going concern basis; and
- (e) That proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **CODES OF CONDUCT**

Your Company has in place Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

## **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee of the Board of Directors of the Company presently comprises of Mr. Narayan Shankar and Mr. S. Venkatraman.

The Corporate Social Responsibility Committee met once during the year under review viz., on 25<sup>th</sup> January, 2016, which was attended by both the members.

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

Your Company has adopted Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of Companies Act, 2013.

The objective of this policy is to promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact. The Policy also seeks to ensure an increased commitment at all levels in the organisation, by encouraging employees to

participate in the Company's CSR and give back to society in an organised manner.

Annual Report on Corporate Social Responsibility activities of the Company is furnished in Annexure I and forms part of this Report.

## **RISK MANAGEMENT POLICY**

Your Company has formulated a Risk Management Policy including therein identification of elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of Risk Management Policy is expected to be helpful in managing the risks associated with business of the Company.

## **KEY MANAGERIAL PERSONNEL**

Your Company is not required to appoint any Key Managerial Person as it does not fall in the class of Companies which shall have whole-time key managerial personnel in accordance with Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **STATUTORY AUDITORS**

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, were appointed as Auditors for a period of 5 years i.e. from the conclusion of the Fifteenth Annual General Meeting until the conclusion of the Twentieth Annual General Meeting subject to ratification by the Members of the Company at every Annual General Meeting. In view of the same ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. The Board of Directors of the Company recommends ratification of their appointment at the ensuing Annual General Meeting of the Company.

M/s. Deloitte Haskins & Sells, Chartered Accountants, have given written consent to act as Statutory Auditor of your Company if their appointment is ratified and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and Section 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Auditors Report does not contain any qualification, reservation or adverse remark.

## **REPORTING OF FRAUDS BY AUDITOR**

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under section 143 (12) of the Companies Act 2013, details of which need to be mentioned in this report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo,

as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished in Annexure II and forms part of this Report.

#### **PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS**

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the ultimate Parent Company Mahindra and Mahindra Limited.

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

There are no contracts/ arrangements / transactions entered, into by the Company, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder during the year under review.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 is provided as Annexure III which forms part of this Report.

#### **INTERNAL CONTROLS**

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Board.

#### **SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

#### **SUSTAINABILITY**

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

#### **THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the year under review no complaints were received under the The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

#### **GENERAL DISCLOSURES**

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
4. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
5. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

#### **ACKNOWLEDGEMENTS**

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

**Narayan Shankar**  
Director  
(DIN: 00109111)

**S. Venkatraman**  
Director  
(DIN: 00077193)

Mumbai, 25<sup>th</sup> April, 2016

**ANNEXURE I TO THE DIRECTORS' REPORT****ANNUAL REPORT ON CSR ACTIVITIES**

- (1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.

The objective of your Company's CSR policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

During the year under review your Company has contributed to CSR through one Implementation Agency viz;

- K C Mahindra Education Trust: Providing education support to 500 girl children

- (2) The Composition of the CSR Committee.

Mr. Narayan Shankar

Mr. S. Venkatraman

- (3) Average net profit of the company for last three financial years (in lakhs): 589.13

- (4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)(in lakhs): 11.78

- (5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year (in lakhs)- 11.78

(b) Amount unspent, if any- NIL

(c) Manner in which the amount spent during the financial year is detailed below

Sr. No.	Particulars	Amt in Rs (1)	Amt in Rs TOTAL
(1)	CSR project or activity identified	Contribution to K.C. Mahindra Education Trust	
(2)	Sector in which the project is covered	Education of the girl child	
(3)	Projects or programme		
	(1) Local area or other	Other	
	(2) Specify the state and district where projects or programs were undertaken	Chhattisgarh	
(4)	Amount outlay (budget project or programme wise	12,00,000	12,00,000
(5)	Amount spent on the project or programme Sub Heads;		
	(1) Direct expenditure on projects or programmes	12,00,000	12,00,000
	(2) Overheads	--	--
(6)	Cumulative expenditure up to the reporting period	12,00,000	12,00,000
(7)	Amount Spent direct or through implementing agency	Paid to implementing Agency – K.C. Mahindra Education Trust	

\*Details of implementing agency:

- (1) K C Mahindra Education Trust: Providing education support to girl child

- (6) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.: Not applicable

- (7) Your Company's CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For and on behalf of the Board

**Narayan Shankar**  
Director  
(DIN: 00109111)

**S. Venkatraman**  
Director  
(DIN: 00077193)

Mumbai, 25<sup>th</sup> April, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT

### PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

##### (A) Conservation of energy:

- (i) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

- (ii) the steps taken by the company for utilizing alternate sources of energy: Not Applicable
- (iii) the capital investment on energy conservation equipment: Nil

##### (B) Technology absorption:

- (i) the efforts made towards technology absorption: None
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : Not Applicable

- (iv) the expenditure incurred on Research and Development: Nil

##### (C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board

<b>Narayan Shankar</b> Director (DIN: 00109111)	<b>S. Venkatraman</b> Director (DIN: 00077193)
---	--

Mumbai, 25<sup>th</sup> April, 2016

**ANNEXURE III TO THE DIRECTORS' REPORT**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31<sup>st</sup> March, 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1	<b>CIN:-</b>	U45205MH1999PLC121235
2	<b>Registration Date</b>	10/08/1999
3	<b>Name of the Company</b>	MAHINDRA WATER UTILITIES LIMITED
4	<b>Category/Sub-Category of the Company</b>	Company Limited by Shares (Indian Non-Government Company)
5	<b>Address of Registered office and contact details</b>	Gateway Building, Apollo Bunder, Mumbai, Maharashtra. Tel: +9122 22021031   Fax: +9122 22875485
6	<b>Whether listed Company</b>	No
7	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
1	Operation & Maintenance of water collection, treatment & distribution	36000	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra Infrastructure Developers Limited* Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400018.	U45201MH2001PLC131942	Holding	98.99	2(46)
2.	Mahindra Lifespace Developers Limited* Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400018.	L45200MH1999PLC118949	Intermediate holding	–	2(46)
3.	Mahindra and Mahindra Limited* Gateway Building , Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate holding	–	2(46)

\*with effect from 27th July, 2015.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	50,000*	50,000*	50%	-	98999	98999	99	49
e. Bank/Fl	-	-	-	-	-	-	-	-	-
f. Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-Total A-(1)</b>	-	<b>50,000*</b>	<b>50,000*</b>	<b>50%</b>	-	<b>98999</b>	<b>98999</b>	<b>99</b>	<b>49</b>
<b>2. Foreign</b>	-	-	-	-	-	-	-	-	-
a. NRIs-Individuals	-	-	-	-	-	-	-	-	-
b. Other-Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corp.	-	50,000	50,000	50%	-	1001	1001	1%	49
d. Banks/Fl	-	-	-	-	-	-	-	-	-
e. Any Others...	-	-	-	-	-	-	-	-	-
<b>Sub Total-A (2):-</b>	-	<b>50,000</b>	<b>50,000</b>	<b>50%</b>	-	<b>1001</b>	<b>1001</b>	<b>1%</b>	<b>49</b>
<b>Total shareholding of Promoter (A)= (A)(1) + (A)(2)</b>	-	<b>1,00,000</b>	<b>1,00,000</b>	<b>100%</b>	-	<b>1,00,000</b>	<b>1,00,000</b>	<b>100%</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Body Corp. (i) Indian (ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>1,00,000</b>	<b>1,00,000</b>	<b>100%</b>	-	<b>1,00,000</b>	<b>1,00,000</b>	<b>100%</b>	-

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Infrastructure Developers Limited	49,994	50%	–	98993	99	–	49
2.	Mahindra Infrastructure Developers Limited jointly with Mr. M. A. Nazareth**	1	0.00%	–	1	0.00%	–	–
3.	Mahindra Infrastructure Developers Limited jointly with Mr. S. Venkatraman**	1	0.00%	–	1	0.00%	–	–
4.	Mahindra Infrastructure Developers Limited jointly with Mr. A. K. Nanda**	1	0.00%	–	1	0.00%	–	–
5.	Mahindra Infrastructure Developers Limited jointly with Mr. Narayan Shankar**	1	0.00%	–	1	0.00%	–	–
6.	Mahindra Infrastructure Developers Limited jointly with Mr. Suhas Kulkarni**	1	0.00%	–	1	0.00%	–	–
7.	Mahindra Infrastructure Developers Limited jointly with Mr. Roshan Gandhi**	1	0.00%	–	1	0.00%	–	–
8.	United Utilities International Limited	50,000	50%	–	1001	1%	–	49
	<b>Total</b>	<b>1,00,000</b>	<b>100%</b>	<b>–</b>	<b>1,00,000</b>	<b>100%</b>	<b>–</b>	<b>–</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	<b>At the beginning of the year</b>				
1.	Mahindra Infrastructure Developers Limited	50000*	50%		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	48999	49%	98999*	99%
	<b>Transfer of Shares from United Utilites International Limited on 29<sup>th</sup> April, 2015.</b>				
	<b>At the end of the year</b>			<b>98999*</b>	<b>99%</b>
2.	United Utilities International Limited	50000	50%	50000	50%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	48999	49%	1001	1%
	<b>Transfer of shares to Mahindra Infrastructure Developers Limited on 29<sup>th</sup> April, 2015.</b>				
	<b>At the end of the year</b>			<b>1001</b>	<b>1%</b>



**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Not Applicable		Not Applicable	
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	–	–	–	–
	<b>Directors</b>				
1	Mr. Sundaram Venkatraman**	1	0.00%	1	0.00%
2	Mr. Narayan Shankar**	1	0.00%	1	0.00%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At the end of the year	No Change	No Change	No Change	No Change

\* Includes 6 shares held by nominees of Mahindra Infrastructure Developers Limited jointly with Mahindra Infrastructure Developers Limited.

\*\* Jointly held with Mahindra Infrastructure Developers Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i + ii + iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
<b>Net Change</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i + ii + iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

*A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:*

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross Salary		–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961		–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961		–
2.	Stock Option		–
3.	Sweat Equity		–
4.	Commission		–
	– As % of Profit		–
	– Others, specify...		–
5.	Others, please specify		–
	<b>Total (A)</b>		–
	Ceiling as per the Act		–

*B. Remuneration of other directors:*

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. Narayan Shankar	Mr. Sundaram Venkatraman	Mr. Simon Roger Gardiner (upto 29 <sup>th</sup> April, 2015)	Mr. Srinath Ramamurthy (from 29 <sup>th</sup> April, 2015)	
1. Independent Directors					
• Fee for attending board/committee meetings	–	–	–	–	–
• Commission	–	–	–	–	–
• Others, please	–	–	–	–	–
<b>Total (1)</b>	–	–	–	–	–
2. Other Non-Executive Directors					
• Fee for attending board/committee meetings	–	30,000	–	–	30,000
• Commission	–	–	–	–	–
• Others, please specify	–	–	–	–	–
<b>Total (2)</b>	–	<b>30,000</b>	–	–	<b>30,000</b>
<b>Total B = (1+2)</b>	<b>Nil</b>	<b>30,000</b>	<b>Nil</b>	<b>Nil</b>	<b>30,000</b>
<b>Total Managerial Remuneration</b>	–	<b>30,000</b>	–	–	<b>30,000</b>
Overall Ceiling as per the Act					

*C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD*

Sr. No	Particulars of Remuneration	Key Managerial Personnel	Total
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of profit	–	–
	– others, specify	–	–
5.	Others, please specify	–	–
	<b>Total</b>	–	–

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>B. DIRECTORS</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

**Narayan Shankar**  
Director  
(DIN: 00109111)

**S. Venkatraman**  
Director  
(DIN: 00077193)

Mumbai, 25<sup>th</sup> April, 2016

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF

### MAHINDRA WATER UTILITIES LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Water Utilities Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act. We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

7. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 21 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 117364W

**Ketan Vora**  
Partner  
Membership No. 100459

Mumbai, 25<sup>th</sup> April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 7(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Mahindra Water Utilities Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)

### **Report on the Internal Financial Controls Over Financial Reporting under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **Mahindra Water Utilities Limited** (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm’s Registration No. 117364W

**Ketan Vora**  
Partner  
Membership No. 100459

Mumbai, 25<sup>th</sup> April, 2016

**ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**

(Referred to in paragraph 8 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Mahindra Water Utilities Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016).

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The Company has not granted any loans, made investments or provided guarantees to which Sections 185 and 186 of the Act apply, and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company’s business/activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, Value Added Tax and other material statutory dues applicable to it to the appropriate authorities. We have been informed that the provisions of Customs Duty, Excise Duty, Sales Tax, Value Added Tax and Cess are not applicable to the Company for the year.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, and other material statutory dues in arrears, as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable. We have been informed that the provisions of Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Cess are not applicable to the Company for the year.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹	Amount Unpaid ₹
Income Tax Act, 1961	Income tax and interest, penalties	Appellate Authority – Bombay High Court	FY 2006-07	2,471,948	1,615,031
		Appellate Authority – Bombay High Court	FY 2007-08	2,654,400	2,654,400
		Appellate Authority – Commissioner (Appeals)	FY 2008-09	5,764,820	5,764,820
		Appellate Authority – Asst. Commissioner (CPC)	FY 2009-10	2,099,010	2,099,010
		Appellate Authority – Asst. Commissioner (CPC)	FY 2011-12	87,260	87,260
		Appellate Authority – Asst. Commissioner (CPC)	FY 2012-13	598,430	598,430
Income Tax Act, 1961	Income tax and interest, penalties	Appellate Authority – Assessing Officer	FY 2013-14	48,040	48,040
Service Tax Laws	Service Tax	Appellate Authority – Tribunal Level	FY 2003-04 to 2008-09	8,939,479	8,939,479

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not appointed any Key management personnel and hence the provisions of Section 197 of the Act do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 117364W

**Ketan Vora**  
Partner  
Membership No. 100459

Mumbai, 25<sup>th</sup> April, 2016



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	As at	
		31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
		₹	₹
<b>A. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	1,000,000	1,000,000
(b) Reserves and surplus	4	<u>500,772,764</u>	<u>444,149,574</u>
		<b>501,772,764</b>	<b>445,149,574</b>
<b>Non-Current Liabilities</b>			
(a) Long-term provisions	5	<b>5,364,139</b>	4,086,970
<b>Current Liabilities:</b>			
(a) Trade payables			
– total outstanding dues of micro enterprises and small enterprises	24	–	–
– total outstanding dues of creditors other than micro enterprises and small enterprises		<b>26,520,939</b>	44,898,168
(b) Other current liabilities	6	<b>12,780,449</b>	10,508,029
(c) Short-term provisions	7	<u>15,489,610</u>	<u>16,021,995</u>
		<b>54,790,998</b>	<b>71,428,192</b>
<b>TOTAL</b>		<u><b>561,927,901</b></u>	<u><b>520,664,736</b></u>
<b>B. ASSETS</b>			
<b>Non-Current Assets:</b>			
(a) Fixed assets			
– Tangible assets	8	<b>3,095,861</b>	1,655,629
(b) Deferred tax assets (net)	26	<b>21,990,758</b>	21,533,940
(c) Long-term loans and advances	9	<b>13,938,423</b>	15,422,848
(d) Other non-current assets	10	<u>331,375,063</u>	<u>256,457,435</u>
		<b>370,400,105</b>	<b>295,069,852</b>
<b>Current Assets:</b>			
(a) Current investments	11	<b>280,962</b>	267,536
(b) Trade receivables	12	<b>100,300,000</b>	160,300,000
(c) Cash and bank balances	13	<b>83,617,059</b>	60,418,383
(d) Short-term loans and advances	14	<b>3,820,126</b>	3,242,953
(e) Other current assets	15	<u>3,509,649</u>	<u>1,366,012</u>
		<b>191,527,796</b>	<b>225,594,884</b>
<b>TOTAL</b>		<u><b>561,927,901</b></u>	<u><b>520,664,736</b></u>
<b>See accompanying notes forming part of the financial statements</b>	1-32		

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Firm's Registration No.: 117364W

**Ketan Vora**

Partner

Membership No.: 100459

Place: Mumbai

Date : 25<sup>th</sup> April, 2016**For and on behalf of the Board of Directors****S. Venkatraman** Director (DIN: 00077193)**Narayan Shankar** Director (DIN: 00109111)

Place: Mumbai

Date : 25<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	For the	For the
		year ended 31 <sup>st</sup> March, 2016	year ended 31 <sup>st</sup> March, 2015
		₹	₹
I. Revenue from operations	16	164,993,172	164,844,614
II. Other Income	17	24,527,169	2,349,311
III. Total Revenue (I + II)		<u>189,520,341</u>	<u>167,193,925</u>
IV. Expenses:			
(a) Employee benefits expense	18	54,029,736	48,181,817
(b) Finance costs	19	626,617	991,549
(c) Depreciation expense	8	748,431	1,374,116
(d) Other expenses	20	47,141,676	90,756,867
Total expenses		<u>102,546,460</u>	<u>141,304,349</u>
V. Profit before tax (III - IV)		86,973,881	25,889,576
VI. Tax expense:			
(a) Current tax		29,863,721	27,149,660
(b) Short provision for tax relating to prior years		943,788	–
(c) Deferred tax credit		(456,818)	(18,637,082)
		<u>30,350,691</u>	<u>8,512,578</u>
VII. Profit for the year (V - VI)		56,623,190	17,376,998
VIII. Earnings per equity share (of Rs. 10 each)	25		
(a) Basic		566.23	173.77
(b) Diluted		566.23	173.77
See accompanying notes forming part of the financial statements	1-32		

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No.: 117364W

**Ketan Vora**  
Partner  
Membership No.: 100459

Place: Mumbai  
Date : 25<sup>th</sup> April, 2016

**For and on behalf of the Board of Directors**

**S. Venkatraman** Director (DIN: 00077193)

**Narayan Shankar** Director (DIN: 00109111)

Place: Mumbai  
Date : 25<sup>th</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	For the year ended 31 <sup>st</sup> March, 2016		For the year ended 31 <sup>st</sup> March, 2015	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Profit before tax		<b>86,973,881</b>		25,889,576
Adjustments for:				
Depreciation	<b>748,431</b>		1,374,116	
Gain on sale of assets	<b>(240,000)</b>		–	
Finance Cost	<b>626,617</b>		991,549	
Liabilities no longer payable written back	<b>(18,984,584)</b>		–	
Dividend Income on current investment	<b>(13,426)</b>		(14,775)	
Interest Income	<b>(5,289,159)</b>	<b>(23,152,121)</b>	(2,193,824)	157,066
<b>Operating Profit before Working Capital changes</b>		<b>63,821,760</b>		26,046,642
Changes in:				
Trade and other receivables	<b>(14,925,878)</b>		38,506,907	
Loan and advances	<b>(568,923)</b>		(485,770)	
Trade and other payables	<b>5,512,004</b>	<b>(9,982,797)</b>	(3,167,489)	34,853,648
<b>Cash generated from operations</b>		<b>53,838,963</b>		60,900,290
Income-tax paid (net of refunds)		<b>(31,159,049)</b>		(18,555,353)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>22,679,914</b>		42,344,937
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	<b>(2,193,394)</b>		(191,918)	
Sale of fixed Assets	<b>244,731</b>		–	
Interest received	<b>3,145,522</b>		1,121,730	
Increase in other bank deposits and Margin account	<b>(646,372)</b>		(4,765,176)	
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>550,487</b>		(3,835,364)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Finance costs paid	<b>(678,097)</b>		(930,371)	
Repayment of borrowings	–		(8,000,000)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(678,097)</b>		(8,930,371)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>22,552,304</b>		29,579,202
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>52,213,920</b>		22,634,718
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>74,766,224</b>		52,213,920

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (Contd.)**

**Notes:**

1. The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 'Cash Flow Statement'.

	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>
	₹	₹
2. Cash and cash equivalents	<b>74,766,224</b>	52,213,920
Add: Other bank balances	<b>8,850,835</b>	8,204,463
Cash and Bank balances (Note 13)	<b><u>83,617,059</u></b>	<u>60,418,383</u>

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No.: 117364W

**Ketan Vora**  
Partner  
Membership No.: 100459

Place: Mumbai  
Date : 25<sup>th</sup> April, 2016

**For and on behalf of the Board of Directors**

**S. Venkatraman** Director (DIN: 00077193)  
**Narayan Shankar** Director (DIN: 00109111)

Place: Mumbai  
Date : 25<sup>th</sup> April, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1. Corporate information:

Mahindra Water Utilities Limited (the Company) is a public company incorporated in India on 10<sup>th</sup> August, 1999 under the provisions of Companies Act, 1956. The Company is engaged in operation & maintenance of water and sewage system for M/s. New Tirupur Area Development Corporation Limited, Tirupur. The Company is a subsidiary of Mahindra Infrastructure Developers Limited.

### Note 2. Significant accounting policies:

#### a. Basis for preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with the relevant Rules thereunder and the relevant provisions of the Companies Act, 2013 as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b. Use of estimates:

The preparation of financial statements, in conformity with Indian GAAP, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### c. Fixed assets and depreciation:

- Fixed Assets are carried at cost less depreciation and impairment losses, if any. Costs comprise purchase price and attributable costs, if any.
- Depreciation on assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Assets costing individually less than ₹ 5,000 is fully depreciated in the year of purchase.

#### d. Investments:

Current investments are carried at lower of cost and fair value.

#### e. Revenue recognition:

- Income for services is accounted for as and when services are rendered as per terms of the agreement and there exists no significant uncertainty as to ultimate realisation.
- Interest income is accounted on time proportion basis, and there exists no significant uncertainty as to ultimate realisation. Dividend income is accounted for when the right to receive it, is established.

#### f. Translation of foreign currency:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year, is recognized as income or expense, as the case may be, in the Statement of Profit and Loss.

#### g. Employee benefits:

Defined contribution plan – Company's contributions paid/payable during the year to Provident Fund, ESIC and Labour Welfare Fund are recognised in the statement of profit & loss.

Defined benefit plan – Company's liability towards gratuity and compensated absences are determined by an independent actuary using the projected unit credit method. Actuarial gains & losses are recognised immediately in the statement of profit & loss as income or expense. Obligation is measured at the present value of estimated future cash flows using the discounted rate that is determined by reference to the market yields at the balance sheet date on government bonds where

the currency and the terms of the government bonds are consistent with the currency and the estimated terms of the defined benefit obligation.

#### h. Lease:

In respect of operating lease, lease payments are recognised as expense on a straight line basis over the lease term.

#### i. Taxes on income:

Tax expense comprises current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

#### j. Contingent liabilities:

Contingent liabilities, if any, are disclosed in the notes to the financial statements. Provision is made in the accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

### Note 3. Share capital:

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Nos	₹	Nos	₹
<b>Authorised shares:</b>				
Equity Shares of ₹ 10 each	100,000	1,000,000	100,000	1,000,000
	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>
<b>Issued, subscribed and fully paid-up shares:</b>				
Equity Shares of ₹ 10 each	100,000	1,000,000	100,000	1,000,000
	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>

#### Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity:	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Nos	₹	Nos	₹
Opening Balance	100,000	1,000,000	100,000	1,000,000
<b>Closing Balance</b>	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>

#### Terms/rights attached to equity shares

The Company is having only one class of equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Details of shares held by the holding company:

As at March 31, 2016, 98,999 equity shares are held by Mahindra Infrastructure Developers Limited, the holding Company.

#### Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	% holding	Number of shares	% holding
Mahindra Infrastructure Developers Limited	98,999	99%	50,000	50%
United Utilities International Limited	*	*	50,000	50%

\*Holding is less than 5%, hence not disclosed.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 4. Reserves and surplus:

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
<b>Surplus in the statement of profit and loss</b>		
Opening balance	444,149,574	427,894,384
Less: Depreciation on account of transition to Schedule II to the Companies Act, 2013 net of Deferred tax: Nil. (Previous year ₹ 538,777)	-	(1,121,808)
Add: Profit for the year	56,623,190	17,376,998
Closing balance	500,772,764	444,149,574

### Note 5. Long-term provisions:

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
Provision for employee benefits		
- Provision for compensated absences	5,364,139	4,086,970
	5,364,139	4,086,970

### Note 6. Other current liabilities:

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
Security deposits received	255,000	255,000
Statutory remittances	2,437,464	1,266,136
Payable to employees	9,625,351	8,472,779
Interest payable	462,634	514,114
	12,780,449	10,508,029

### Note 7. Short-term provisions:

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
Provision for employee benefits		
- Provision for compensated absences	1,613,337	309,757
Provision for income tax [net of advance tax ₹ 46,143,375/- (As at 31 <sup>st</sup> March, 2015 ₹ 42,482,338/-)]	13,876,273	15,712,238
	15,489,610	16,021,995

### Note 8. Fixed Assets:

	Gross Block				Depreciation					Net Block
	01 <sup>st</sup> April, 2015	Addition	Disposal	31 <sup>st</sup> March, 2016	01 <sup>st</sup> April, 2015	Transitional adjustments	For the year	Disposal/ adjustments	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2016
1. Plant and Equipment	1,374,915 (1,200,247)	431,093 (174,668)	4,866 (-)	1,801,142 (1,374,915)	545,521 (431,790)	- (-)	123,928 (113,731)	134 (-)	669,315 (545,521)	1,131,827 (829,394)
2. Furniture and Fixtures	2,827,859 (2,823,609)	84,400 (4,250)	- (-)	2,912,259 (2,827,859)	2,476,333 (1,732,837)	- (19,515)	142,214 (723,981)	- (-)	2,618,547 (2,476,333)	293,712 (351,526)
3. Vehicles	8,140,847 (8,140,847)	1,568,436 (-)	761,800 (-)	8,947,483 (8,140,847)	7,753,721 (6,426,150)	- (851,772)	425,981 (475,799)	761,800 (-)	7,417,902 (7,753,721)	1,529,581 (387,126)
4. Office equipment	1,732,570 (1,719,570)	3,610 (13,000)	- (-)	1,736,180 (1,732,570)	1,653,409 (830,574)	- (766,442)	40,149 (56,394)	- (-)	1,693,558 (1,653,410)	42,622 (79,160)
5. Computer	3,818,152 (3,818,152)	105,855 (-)	56,320 (-)	3,867,687 (3,818,152)	3,809,729 (3,782,662)	- (22,856)	16,159 (4,211)	56,320 (-)	3,769,568 (3,809,729)	98,119 (8,423)
<b>Total</b>	<b>17,894,343</b>	<b>2,193,394</b>	<b>822,986</b>	<b>19,264,751</b>	<b>16,238,713</b>	<b>-</b>	<b>748,431</b>	<b>818,254</b>	<b>16,168,890</b>	<b>3,095,861</b>
Previous year	(17,702,425)	(191,918)	(-)	(17,894,343)	(13,204,013)	(1,660,585)	(1,374,116)	(-)	(16,238,714)	(1,655,629)

(Previous year's figures are in brackets)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 9. Long-term loans and advances:

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Other loans and advances</b>		
– Unsecured, considered good		
Advance income tax including fringe benefit tax [net of provision for taxation ₹ 172,781,630/- (As of 31 <sup>st</sup> March, 2015, ₹ 166,549,638)]	13,919,423	15,403,848
Deposit	19,000	19,000
	<u>13,938,423</u>	<u>15,422,848</u>

## Note 10. Other non-current assets:

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>(a) Trade receivables</b>		
<b>Trade receivables outstanding for less than six months from the date they are due for payment</b>		
Unsecured, considered good	73,408,227	91,425,046
<b>Trade receivables outstanding for more than six months from the date they are due for payment</b>		
Unsecured, considered good	257,257,231	164,314,534
Doubtful	57,871,519	57,871,519
	<u>388,536,977</u>	<u>313,611,099</u>
Less: Provision for doubtful debts	(57,871,519)	(57,871,519)
	<u>330,665,458</u>	<u>255,739,580</u>
<b>(b) Gratuity Plan Asset (net)</b> [Refer Note 22]	709,605	717,855
	<u>331,375,063</u>	<u>256,457,435</u>

## Note 11. Current investments:

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Investment in others:</b>		
Unquoted – at lower of cost and fair value 28,006.615 Units (Previous year 26,669.626) of HDFC Cash Management Fund of ₹ 10/- each fully paid up	280,962	267,536
	<u>280,962</u>	<u>267,536</u>

## Note 12. Trade receivables:

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Trade receivables outstanding for less than six months from the date they are due for payment</b>		
Unsecured, considered good	300,000	300,000
<b>Trade receivables outstanding for more than six months from the date they are due for payment</b>		
Unsecured, considered good	100,000,000	160,000,000
	<u>100,300,000</u>	<u>160,300,000</u>

## Note 13. Cash and bank balances:

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Cash and cash equivalents</b>		
<b>Balances with banks</b>		
In current accounts	2,021,224	1,378,920
Deposits with original maturity for less than 3 months	72,745,000	50,835,000
	<u>74,766,224</u>	<u>52,213,920</u>
<b>Other Bank Balances</b>		
Deposits with original maturity for more than 3 months	8,146,372	7,500,000
In margin accounts	704,463	704,463
	<u>8,850,835</u>	<u>8,204,463</u>
	<u>83,617,059</u>	<u>60,418,383</u>

## Note 14. Short-term loans and advances:

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Security deposits</b>		
– Unsecured, considered good	220,000	220,000
<b>Other loans and advances</b>		
– Unsecured, considered good		
Service Tax Receivable	3,400,126	3,022,953
Other Recoverables	200,000	–
	<u>3,820,126</u>	<u>3,242,953</u>

## Note 15. Other current assets:

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Others:		
Interest accrued on term deposits	3,509,649	1,366,012
	<u>3,509,649</u>	<u>1,366,012</u>

## Note 16. Revenue from operations:

Particulars	For the Year ended 31 <sup>st</sup> March, 2016 ₹	For the Year ended 31 <sup>st</sup> March, 2015 ₹
Income from services	162,000,000	162,000,000
Income from ancillary services	2,993,172	2,844,614
	<u>164,993,172</u>	<u>164,844,614</u>

## Note 17. Other income:

Particulars	For the Year ended 31 <sup>st</sup> March, 2016 ₹	For the Year ended 31 <sup>st</sup> March, 2015 ₹
Interest on bank deposits	5,289,159	2,193,824
Dividend on current investments	13,426	14,775
Exchange fluctuation – gain	–	136,933
Liabilities no longer payable written back	18,984,584	–
Gain/(Loss) on sale of Assets	240,000	–
Miscellaneous income	–	3,779
	<u>24,527,169</u>	<u>2,349,311</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**Note 18. Employee benefits expense:**

Particulars	For the Year ended 31 <sup>st</sup> March, 2016 ₹	For the Year ended 31 <sup>st</sup> March, 2015 ₹
Salaries, wages, bonus, etc	49,803,115	44,534,740
Contribution to provident & other funds	2,556,020	2,149,252
Staff welfare	1,670,601	1,497,825
	<u>54,029,736</u>	<u>48,181,817</u>

**Note 19. Finance costs:**

Particulars	For the Year ended 31 <sup>st</sup> March, 2016 ₹	For the Year ended 31 <sup>st</sup> March, 2015 ₹
Interest on delayed/deferred payment of income tax	462,634	514,114
Interest on delayed/deferred payment of service tax	163,983	15,861
Interest on Inter corporate deposits	–	461,574
	<u>626,617</u>	<u>991,549</u>

**Note 20. Other expenses:**

Particulars	For the Year ended 31 <sup>st</sup> March, 2016 ₹	For the Year ended 31 <sup>st</sup> March, 2015 ₹
Rent	299,100	264,000
Rates & taxes	611,880	382,125
Repairs and maintenance:		
(a) Plant & equipments	934,416	1,186,867
(b) Vehicles	1,283,731	1,184,428
(c) Others	412,882	287,825
Legal and professional charges	411,016	1,146,987
Security and service charges	29,185,637	18,221,242
Travelling expenses	364,119	379,256
Printing and stationery	627,951	752,910
Insurance	1,754,768	1,564,617
Postage and telephone	919,664	898,558
Payment to auditors [Refer note (i) below]	1,151,053	903,210
Vehicle running expense	6,154,229	6,128,357
Expenditure for CSR (Donation)	1,200,000	1,500,000
Provision for doubtful debts	–	54,342,420
Director's fee	30,000	–
Miscellaneous expenses	1,801,230	1,614,065
	<u>47,141,676</u>	<u>90,756,867</u>

**Note (i)**

	For the Year ended 31 <sup>st</sup> March, 2016 ₹	For the Year ended 31 <sup>st</sup> March, 2015 ₹
<b>Payment to auditors</b> (net of service tax input credit)		
For Statutory audit	820,000	600,000
For Certification and other services	330,000	300,000
For Out of pocket expenses	1,053	3,210
	<u>1,151,053</u>	<u>903,210</u>

**Note 21. Contingent liabilities**

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Items in respect of which the Company has succeeded in appeal, but the Service Tax Department is pursuing an appeal	8,939,479	9,018,138
Income tax demands disputed for various assessment years, on account of disallowance of certain expenses, where the Company has preferred appeal with the higher authorities	10,891,168	10,978,088
	<u>19,830,647</u>	<u>19,996,226</u>

In respect of items mentioned above the timing of outflow of economic benefits cannot be ascertained.

**Note 22.** The disclosures as required under Accounting Standard 15 (AS-15) on "Employee Benefits (Revised)" regarding Gratuity (funded plan) are as follows:-

**a. General description of defined benefit plans:**

The Company operates a gratuity plan covering qualifying employees. The benefit payable is greater of the amount calculated as per the Payment of Gratuity Act or the Company Scheme applicable to the employees. The benefits vest upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

**b. Principal actuarial assumptions:**

Particulars	2016	2015
Discount rate	7.65%	7.95%
Rate of increase in compensation levels of covered employees	7.00%	7.00%
Expected rate of return on plan assets	9.00%	9.00%
Estimate of Amount of Contribution in the immediate next year	600,000	550,000



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## c. Other disclosures:

 Net Asset/Liability recognised in the Balance Sheet as at 31<sup>st</sup> March

In ₹

Particulars	2016	2015
Present Value of defined benefit Obligations	5,292,339	4,331,427
Fair Value of Plan Assets	(6,023,517)	(5,216,027)
<b>Funded Status [Surplus/(Deficit)]</b>	<b>731,178</b>	<b>884,600</b>
Less: Effect of the Limit in Para 59(b)	21,573	48,449
Asset recognized in the Balance Sheet	709,605	717,855

Expense recognised in the Statement of Profit and Loss for the year ended March 31.

(In ₹)

Particulars	2016	2015
Current Service Cost	454,543	357,778
Interest Cost	371,792	341,544
Expected Return on Plan Assets	(459,601)	(353,820)
Net Actuarial Losses/(Gains)	308,858	187,716
Effect of the limit in Para 59(b)	(26,876)	30,770
<b>Total expenses included in "Employee Benefits Expense"</b>	<b>648,716</b>	<b>563,988</b>
Actual Return on Plan Assets	433,589	417,025

## Experience Adjustments

For the year ended	2016	2015	2014	2013	2012
Defined Benefit Obligation	5,292,339	4,331,427	3,473,492	3,195,772	2,533,123
Plan Assets	6,023,517	5,216,027	4,029,884	3,685,244	3,122,482
Surplus/(Deficit)	731,178	884,600	556,392	489,472	589,359
Exp. Adj. on Plan Liabilities	131,342	(213,265)	92,472	222,262	(20,876)
Exp. Adj. on Plan Assets	(26,012)	63,205	90,390	28,276	(3,412)

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

In the absence of detailed information regarding plan assets which is funded with LIC, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The Company's contribution to Provident Fund aggregating ₹ 1,733,141 (previous year ₹ 1,559,434) has been recognized in the statement of profit and loss under the head "Employee benefit expense".

**Note 23.** As required under Accounting Standard 18 (AS-18), following are details of transactions during the year with the related parties of the Company as defined in AS-18:

## a) List of related parties where control exists

Name of the related party	Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company (w.e.f. 29 <sup>th</sup> April, 2015)
Mahindra Lifespace Developers Limited	Parent of the Holding Company (w.e.f. 29 <sup>th</sup> April, 2015)
Mahindra Infrastructure Developers Limited	Holding Company (w.e.f. 29 <sup>th</sup> April, 2015)

## Reconciliation of Benefit Obligations and Plan Assets for the year

In ₹

Particulars	2016	2015
<b>Change in Defined Benefit Obligation</b>		
<b>Present Value of Opening Defined Benefit Obligation</b>	<b>4,331,427</b>	<b>3,473,492</b>
Current Service Cost	454,543	357,778
Interest Cost	371,792	341,544
Actuarial Losses/(Gain)	282,846	250,921
Benefits Paid	(148,269)	(92,308)
<b>Present Value of Closing Defined Benefit Obligation</b>	<b>5,292,339</b>	<b>4,331,427</b>

Particulars	2016	2015
<b>Change in the Fair Value of Assets</b>		
<b>Opening Fair Value of Plan Assets</b>	<b>5,216,027</b>	<b>4,029,884</b>
Expected Return on Plan Assets	459,601	353,820
Actuarial Gains/(Losses)	(26,012)	63,205
Contributions by Employer	522,170	861,426
Benefits Paid	(148,269)	(92,308)
<b>Closing Fair Value of Plan Assets</b>	<b>6,023,517</b>	<b>5,216,027</b>

In ₹

## b) List of other related parties &amp; relationships

Name of the related party	Relationship
Mahindra Infrastructure Developers Limited	Joint venturer (upto 28 <sup>th</sup> April, 2015)
United Utilities International Limited	Joint venturer (upto 28 <sup>th</sup> April, 2015)

## c) Related party transactions:

Nature of transactions	Mahindra & Mahindra Limited ₹	Mahindra Infrastructure Developers Limited ₹	United Utilities International Limited ₹	Total ₹
Insurance	6,700	-	-	6,700
	(-)	(-)	(-)	(-)
Travelling Expenses	72,000	-	-	72,000
	(-)	(-)	(-)	(-)
Professional charges	150,000	-	-	150,000
	(-)	(-)	(-)	(-)
Liabilities no longer payable written back	-	-	18,981,386	18,981,386
	(-)	(-)	(-)	(-)
Interest expenses	-	(48,205)	(-)	(48,205)
	(-)	(-)	(-)	(-)
Trade payables	161,085	21,913,260	-	22,074,345
	(-)	(21,913,260)	(18,981,386)	(40,894,646)
Other Recoverable	-	200,000	-	200,000
	(-)	(-)	(-)	(-)

(Previous year's figures are in brackets)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Note 24.** As per the information available with the Company, none of the creditors have confirmed that they are registered under the Micro, Small & Medium Enterprise Development Act, 2006. Accordingly, disclosure as required by the said Act is made on that basis.

**Note 25.** Earnings Per Share is calculated as follows:

Sr. No.	Particulars	2016	2015
A.	Net profit after tax available for equity shareholders (₹)	56,623,190	17,376,988
B.	Par value per share (₹)	10	10
C.	Weighted average number of equity shares (No.) for Basic EPS:	100,000	100,000
D.	Earnings per share from continuing operations: Basic (₹)	566.23	173.77
E.	Total Weighted average number of equity shares (No.) for Diluted EPS:	100,000	100,000
F.	Earnings per share from continuing operations: Diluted (₹)	566.23	173.77

**Note 26.** Deferred tax asset (net) comprises of:

	2016	2015
Deferred tax asset		
Employee allowances under Income tax in year of payment	2,379,704	1,623,203
Depreciation	711,610	776,677
Provision for doubtful debts	19,134,060	19,134,060
	<u>22,225,374</u>	<u>21,533,940</u>
Deferred tax liabilities		
Gratuity Plan Asset (net)	234,616	-
	<u>234,616</u>	<u>-</u>
Deferred tax asset (net)	<u>21,990,758</u>	<u>21,533,940</u>

**Note 27.** The year-end foreign currency exposures for amounts payable in foreign currency that have not been specifically hedged by a derivative instrument or otherwise are given below:-

	2016	2016	2015	2015
	In ₹	In Foreign Currency	In ₹	In Foreign Currency
Creditors (Net)	-	-	1,713,236	GBP 18,529

**Note 28.** Trade receivables include amounts due from New Tirupur Area Development Corporation Limited (NTADCL).

As per the operation and maintenance agreement with NTADCL, the Company has been raising invoices on NTADCL for the services rendered to them. The Company and NTADCL have been re-discussing the arrangement and these discussions have reached an advanced stage at which the company is very confident that the outstanding receivable including the invoices currently being raised at ₹ 135 lakhs per month except for the amount already provided in the books of the Company, will be settled in instalments as mutually agreed over a period of 36 months. In view of this understanding, the dues outstanding, barring the amounts already provided for in the books, are expected to be fully recovered over a period of time. Accordingly, some portion of the outstanding has been reflected under "Other non-current assets" in Note 10 to the financial statements, and no further provision towards receivable is considered necessary in the view of the management.

The Company has incurred expenses towards certain specified categories of maintenance of plant and facilities. As per the terms of the aforementioned agreement with NTADCL, the Company is entitled to reimbursement of the aforesaid expenses, which the Company has also claimed from NTADCL. Pending conclusion of discussions on the subject with NTADCL, out of abundant caution, the Company has written off such expenses incurred in the current year aggregating ₹ 2,020,406/- (Previous year ₹ 1,545,818/-) to the Statement of Profit and Loss.

**Note 29.** The Company's business activity is that of an Operations and Maintenance (O&M) Contractor. All activities of the company revolve around its main business. The Company operates only in India. Hence, there are no separate reportable primary and secondary segments as defined by Accounting Standard 17 on "Segment Reporting".

**Note 30.** The Company has entered into operating lease arrangements for warehouse. The lease is cancellable and for a period of 11 months, renewable by mutual consent. Lease payments recognised in the Statement of Profit and loss is ₹ 299,100.

**Note 31.** The Employee benefits expenses include ₹ 1,664,709 towards provision for leave encashment relating to prior period.

**Note 32.** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No.: 117364W

**Ketan Vora**  
Partner  
Membership No.: 100459

Place: Mumbai  
Date : 25<sup>th</sup> April, 2016

**For and on behalf of the Board of Directors**

**S. Venkatraman** Director (DIN: 00077193)

**Narayan Shankar** Director (DIN: 00109111)

Place: Mumbai  
Date : 25<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Nineteenth report together with the audited financial statements of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS (Stand-alone)

Particulars	(₹ in Lakhs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income .....	21,355.37	6,421.83
Profit/(Loss) Before Depreciation, Finance Costs and Taxation .....	5,587.46	6311.83
Less: Depreciation .....	471.32	291.78
Profit/(Loss) Before Finance Cost and Taxation .....	5,116.14	6,020.05
Less: Finance Cost .....	4,630.00	3894.80
Profit/(Loss) Before Taxation .....	486.14	2125.25
Less: Provision for Taxation .....	204.92	699.64
Profit/(Loss) for the year after Taxation .....	281.22	1425.61
Add: Balance of Profit/(Loss) for earlier years .....	2,847.39	8485.75
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life .....	-	8.02
Amount available for appropriation .....	3,128.61	9903.34
Proposed Dividend on Equity Shares (including tax on distributed profits) .....	-	240.72
Proposed Dividend on Preference Shares (including tax on distributed profits) .....	-	-
Dividend paid on redemption of Preference shares (Including tax on distributed profits) .....	-	315.23
Transferred to General Reserve .....	-	-
Transferred to Capital Redemption Reserve .....	-	6500.00
Balance carried forward to the Balance Sheet .....	3,128.61	2847.39

#### Dividend

With a view to conserve the resources of the Company for its growth plan, your Directors have not recommended dividend for financial year 2015-2016.

#### Reserves

Profit for the year after appropriation has been carried forward to P & L account and no amount has been transferred to Reserves.

#### Operations/State of the company's affairs

During the year Mahindra World City (MWC), Chennai, promoted by your Company was adjudged winner in the category Best Township (Over 200 acres) at the NDTV Property Awards 2015.

At the end of 2015-16, the project had a total area of 1,524 acres. It has a total 64 industrial Customers — of which 27 are in the SEZ and 37 are in the DTA. Currently, 51 companies operate out of Mahindra World City, Chennai of which 1 company started operations in the DTA during the year. During the year, direct employment in Mahindra World City increased from 37,000 to around 38,000 persons. Exports was at Rs. 9,359 crores in 2015-16 as against Rs. 7,800 crores during 2014-15.

With stabilisation in the business zone, the focus is now in developing the residential, social and retail infrastructure. Mahindra World City, Chennai, has allocated ~285 acres for the development of residential and social infrastructure that will cater to the requirements of over 7,000 families. With handing over of units in phases of Aqualily and Iris Court which has continued during the year, the city has three operational residential projects which together have around 700 families living there, another project (Nova) is under construction..

On the retail and social infrastructure, considerable progress was made during the year. The MWC Club which was inaugurated in March 2015 has been well received by the community of members and Corporates both within MWC and the neighbouring corridors.

In the current year your Company added a significant base of service providers to The Canopy – the commercial centre, of MWC, Chennai including Nilgiris and Sunny Bee (Retail) , Fashion Equations (Women's Apparel); Airtel Customer Centre (Telecom); Habitat & Amul Ice cream (F&B) & Laundrex (Others), thus enhancing the "Live" quotient at MWC Chennai.

On the Social Infrastructure front, Jeevan Hospitals which started the 1st phase of operations in 2014-15, started 24x7 services (OP, Pharmacy and Ambulance) in this year and shall

be scaling up their offerings and facilities to a full -fledged hospital by H1 FY 2017. The Hostel for Singles is nearing completion and is expected to be ready for occupation by August 2016. Expansion plans for Mahindra World School have been drawn out and is expected to be operational for the academic year 2017-18. The Post office at Mahindra World City Chennai, the first all-women delivery post office in Chennai circle has been upgraded during the year to a delivery Post office and exclusively serves the companies and residential communities at Mahindra World City. Mahindra World City, Chennai, has continued to build on its community development and engagement initiatives during the year. This included fresh editions of its flagship programmes: the marathon run in aid of 'Nanhi Kali' which had over 1,200 participants, 'Champions Trophy' an inter-company sports tournament that had ~40 teams, 'Mindquest' — the Annual MWC quiz competition with over 70 teams and 'Courtyard Performances', which featured street theatre and other forms of performing arts. These have been well received by both participants and residents.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

#### Share Capital

Authorised share capital of your company is Rs. 95 crores and Paid-up share capital of the company is Rs. 20 crores.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

#### Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

#### Networth

The net worth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was Rs. 116.92 Crores and Rs. 119.74 crores respectively.

#### Holding Company

Your Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

#### Subsidiaries, Joint Ventures and Associate companies

During the year pursuant to the Joint Venture Agreement entered into with Sumitomo Corporation, Japan, the Shareholding Structure of Mahindra Industrial Park Chennai

Limited (MIPCL) has changed whereby additional shares amounting to Rs. 1,019,500,000 were allotted at par to your Company and equity shares amounting to Rs. 680,000,000 were allotted to Sumitomo Corporation, Japan for a premium of Rs.1.323 per share, following which, the 60% of the paid-up share capital of MIPCL is held by your Company and 40% is held by Sumitomo Corporation, Japan.

MIPCL is a 60% owned subsidiary of your company and hence also a 53.4% subsidiary of Mahindra Lifespace Developers Limited. This company (MIPCL) is developing an industrial park in North Chennai, Tamil Nadu, spanning an area of approximately 300 acres.

Your Company also holds 25.78% of paid-up share capital of Mahindra Integrated Township Limited (MITL), which is an Associate Company.

No other company became or ceased to be a Subsidiary/ Associate/Joint Venture company of the Company during the year.

#### Consolidated Financial Statement

During the year, the Board of Directors reviewed the affairs of Mahindra Industrial Park Chennai Limited, subsidiary of your company. In accordance with Section 129(3) of the Companies Act, 2013 and applicable accounting standard, we have prepared audited consolidated financial statement, which is attached along with the financial statement of the Company. Further, a statement containing salient features of the financial statement of our subsidiary in the prescribed format AOC-1 is also attached to the financial statement.

#### Board of Directors

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of following:

Name of Director	DIN	Designation
N Vaghul	00002014	Chairman and Independent Director
Sanjiv Kapoor	00004005	Independent Director
Arun Kumar Nanda	00010029	Non-Executive Non-Independent Director
Anita Arjundas	00243215	Non-Executive Non-Independent Director
V Balaraman	00267829	Independent Director
Sangeeta Prasad	02791944	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Sangeeta Prasad (DIN: 02791944) a Non-executive and Non-independent Director retires by rotation at the 19th Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Sangeeta Prasad is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year Mr. Uday Y Phadke, Non-executive director resigned from directorship effective 15<sup>th</sup> July, 2015, in

accordance with his plan to step down from the Boards of Mahindra Group of Companies in a phased manner. The Board places on record its deep appreciation of the valuable services rendered by Mr. Uday Y Phadke during his tenure as Director of the company.

Pursuant to Section 149(7) of the Act, declaration from all the Independent Directors is received affirming their independence in accordance with the Section 149(6) of the Act.

### Key Managerial Personnel

As of 31<sup>st</sup> March, 2016, Mr. S. Chandru was the Manager & Company Secretary of the Company.

During the year under review, the following persons were appointed/had resigned as Key Managerial Personnel under the Companies Act, 2013.

Sr. no.	Name of the person	Nature of Change	Date of Change	Designation
1.	Mr. T. S. Krishnan	Resignation	29 <sup>th</sup> February, 2016	Chief Financial Officer
2.	Mr. L Nataraj	Appointment	15 <sup>th</sup> April, 2016	Chief Financial Officer

During the year, Mr. T S Krishnan resigned from the position of Chief Financial Officer of the Company with effect from 29th February 2016. The Board places on record its sincere appreciation of his association with the Company.

Consequent to above resignation, Mr. L Nataraj was appointed as the Chief Financial Officer of the Company with effect from 15<sup>th</sup> April, 2016.

### Committees of the Board

#### Audit Committee

As on 31<sup>st</sup> March, 2016, the Audit Committee comprises of three independent Directors, namely Mr. Sanjiv Kapoor, Mr. N. Vaghul and Mr. V. Balaraman. During the year, the Audit Committee was reconstituted upon resignation of Mr Uday Y Phadke. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chief Financial Officer, Internal Auditor and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Committee met five times during the year. The Board has accepted all recommendations of the Audit Committee made from time to time.

#### Corporate Social Responsibility (CSR)

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare.

The Company, in every financial year commencing from 1<sup>st</sup> April, 2014, in line with the new Companies Act, 2013, pledges to spend, two per cent of the average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

The Company has constituted Corporate Social Responsibility Committee comprising of Mr. V. Balaraman - Independent

Director, Ms. Anita Arjundas - Non Independent director and Ms. Sangeeta Prasad - Non Independent director. Mr. V. Balaraman is the Chairman of the Committee. The Role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

The Company's CSR Policy lays out the vision, objectives and implementation mechanisms. The Company's CSR policy is available on the Company's website: [www.mahindraworldcity.com](http://www.mahindraworldcity.com)

The Company's CSR activities have traditionally focussed on education, skill development, health, environment and promoting sustainable practices.

The objective of the CSR policy is to:

- Promote a unified approach to CSR to incorporate under one umbrella the diverse range of the Company's philanthropic activities, thus enabling maximum impact of the CSR initiatives.
- Ensure an increased commitment at all levels in the organisation, to operate in an economically, socially and environmentally responsible manner while recognising the interests of all its stakeholders.
- Encourage employees to participate actively in the Company's CSR and give back to the society in an organised manner through the employee volunteering programme called ESOPs.

The Company has spent Rs. 78.45 lakhs as against the required CSR expenditure of Rs. 78.42 lakh calculated in the manner prescribed in the Companies Act, 2013. The annual report on the CSR activities in the prescribed format is at Annexure 1 to this Report.

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprise of two independent directors, namely Mr. N Vaghul and Mr. V Balaraman and one non-executive non-independent director, Ms. Anita Arjundas. Mr. V Balaraman is the Chairman of the Committee.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3** and **Annexure 4**, respectively to this report:

1. Policy on appointment of Directors and Senior Management (**Annexure 2**)
2. Policy on remuneration of Directors (**Annexure 3**)
3. Policy on remuneration of Key Managerial Personnel and Employees (**Annexure 4**)

#### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by

Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company has been carried out by Independent Directors. Evaluation of Independent Directors has been carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. have been circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

### Meetings Of Independent Directors

The Independent Directors of the Company met without the presence of the Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Meetings

During the financial year, Six Board Meetings had been convened and held on the following dates:

18<sup>th</sup> April, 2015, 14<sup>th</sup> July, 2015, 28<sup>th</sup> September, 2015, 16<sup>th</sup> October, 2015, 18<sup>th</sup> December, 2015 and 13<sup>th</sup> January, 2016

During the year, five Audit Committee meetings had been convened and held on the following dates :

18<sup>th</sup> April, 2015, 14<sup>th</sup> July, 2015, 16<sup>th</sup> October, 2015, 18<sup>th</sup> December, 2015 and 13<sup>th</sup> January, 2016

During the year, two meetings of the Nomination & Remuneration Committee had been convened and held on 14<sup>th</sup> July 2015 and 13<sup>th</sup> January 2016

During the year, four meetings of the CSR Committee had been convened and held on 18<sup>th</sup> April, 2015, 14<sup>th</sup> July, 2015, 16<sup>th</sup> October, 2015 and 13<sup>th</sup> January 2016

The details of the number of meetings of the Board and the Committees attended by the respective members of the Board/ Committees are given below:

Sr. no.	Name of the Director	No. of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended	No. of CSR Committee meetings attended
1.	Mr. N. Vaghul	6	5	2	NA
2.	Mr. A. K. Nanda	3	NA	NA	NA
3.	Mr. V. Balaraman	5	5	2	4
4.	Mr. Sanjiv Kapoor	3	3	NA	NA

Sr. no.	Name of the Director	No. of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended	No. of CSR Committee meetings attended
5.	Ms. Anita Arjundas	6	NA	2	4
6.	Ms Sangeeta Prasad	6	NA	NA	4
7.	Mr. Uday Phadke*	2	2	NA	NA

Note: \* Resigned from directorship with effect from 15<sup>th</sup> July, 2015

The previous Annual General Meeting of the Company was held on 14<sup>th</sup> July, 2015.

### Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members, Independent Directors and employees of the Company affirming compliance with the respective Codes.

### Directors’ Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013 the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31<sup>st</sup> March, 2016 and of the profit of the Company for that period;
- they had 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;
- they had prepared the annual accounts on a going concern basis; and
- They had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board reviews the internal control systems with the management and auditors.

### **Vigil Mechanism/Whistle Blower Mechanism**

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Whistle Blower Policy of the Company is placed on the website of the company at [www.mahindraworldcity.com](http://www.mahindraworldcity.com)

### **Risk Management**

The Company already has in place the procedure to inform the Board about the risk assessment and minimisation procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

### **Auditors**

M/s. A.F. Ferguson & Co., Chartered Accountants, Chennai, retire as Auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required by the provisions of section 139 and 141 of Companies Act, 2013 the Company has received written consent and certificate from M/s. A.F. Ferguson & Co, Chartered Accountant, (ICAI Firm Registration Number 112066W), proposed to be re-appointed as Auditors for one year i.e. up to conclusion of the 20th Annual General Meeting of the Company to the effect that their appointment, if made, would be in conformity with the limits specified in that Section.

The Board has recommended to the shareholders for approval re-appointment of M/s. A.F. Ferguson & Co., Chartered Accountants, Chennai, as the Statutory Auditors to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having Cost auditor is presently not applicable to your Company.

### **Secretarial Auditor**

The paid-up share capital of the company as on 31<sup>st</sup> is 2015 to Rs. 20 Crores which is less than the threshold limit required for appointment of Secretarial Auditor, and hence there is no requirement to have a Secretarial Audit for the financial year 2015-16.

### **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

As your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

The particulars of investment made under 186 of the Companies Act, 2013 are provided in the financial statement at Note no. 13.

### **Contracts and Arrangements with Related Parties**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material under the Companies Act, 2013. Therefore, the form AOC-2 is not applicable to the Company. The Directors draw attention to Note no. 27.4 to the financial statement which sets out details of transactions with related parties.

### **Deposits, Loans and Advances**

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the Holding Company, Mahindra Lifespace Developers Limited.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 5** to this report.

### **Employee Remuneration**

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

### **Extract of Annual Return**

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies

Act, 2013 is included in this Report as **Annexure 6** and forms part of this Report.

#### **Safety, Health and Environmental Performance**

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

#### **Sustainability**

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

#### **General**

- During the year ended 31<sup>st</sup> March, 2016 , there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor and Secretarial Auditor of the Company.

#### **Cautionary statement:**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

#### **Acknowledgment**

The Directors would like to thank all shareholders, customers, bankers, contractors, suppliers, joint venture partners and associates of your Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For and on behalf of the Board,

Sd  
**N. Vaghul**  
Chairman  
DIN : 00002014

Chennai, 15<sup>th</sup> April, 2016



**ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**THE ANNUAL REPORT ON CSR ACTIVITIES**

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

- a) The Company's CSR initiatives are focussed in the areas of education, public health and environment. This is in line with the Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". The Company endeavours to enable inclusive development at all its project locations so as to help the communities around these projects to prosper in all walks of life.
- b) The Company has formed a CSR policy which is available on the website of the company.
- c) The Company has planned the following projects in the identified areas:  
 Sponsoring girl child education – Nanhi Kali – Education  
 Supporting Education – Improving Infrastructures for schools in surrounding areas of Mahindra World City Chennai  
 Cleanliness drive – Swachh Bharat - Public health & Sanitation  
 Public Park – Environment  
 Community Water facility – Health  
 Supporting PHC with medical & non-medical equipment- Health  
 Flood relief in surrounding areas of Mahindra World City Chennai- Others

**2. The composition of the CSR Committee of the Board of Directors is as under:**

- Mr. V. Balaraman – Independent Director
- Ms. Anita Arjundas – Non Executive Non-Independent Director
- Ms. Sangeeta Prasad – Non Executive Non-Independent Director

**3. Average net profit of the Company for the last three financial years: Rs. 3,914 Lakhs**

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 78.28 Lakhs, Budget Rs. 78.42 Lakhs**

**5. Details of CSR spent during the financial year**

- a. Total amount to be spent for the financial year: Rs. 78.45 Lakhs
- b. Amount unspent (if any): Nil
- c. Manner in which the amount spent during the financial year was utilised is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken	Amount outlay (budget) project or programme wise (Rs lakhs)	Amount spent on the project/ programme Subheads: (1) Direct expenditure on project (2) Overheads (Rs lakhs)	Cumulative spend up to the reporting period (Rs lakhs)	Amount spent: Direct or through implementing agency
1.	Contribution to Nanhi Khali	Education of the girl child	Pan India where the Company has existing projects	39.21	Direct expenditure – 39.21	76.41	Implementing Agency: K.C.Mahindra Education Trust

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken	Amount outlay (budget) project or programme wise (Rs lakhs)	Amount spent on the project/ programme Subheads: (1) Direct expenditure on project (2) Overheads (Rs lakhs)	Cumulative spend up to the reporting period (Rs lakhs)	Amount spent: Direct or through implementing agency
2.	Model ICDS (with all facilities). Active SMCs in the communities. Appropriate and sufficient Infrastructure at schools Extra teachers if needed for quality education. (time bound) Children's club.	Supporting Education	Mahindra World City Chennai, Kancheepuram District, Tamilnadu	12.31	Direct expenditure – 10.64	10.64	NGO: World Vision
3.	Swachh Bharat Initiative	Environment	Villages and Community around Mahindra World City Chennai, Kancheepuram District, Tamilnadu	9	Direct expenditure – 8.48	8.48	NGO: Appasaheb Apte Smriti Pratishthan
4.	Public Park	Environment	Mahindra World City Chennai, Veerapuram Village Kancheepuram District, Tamilnadu	5	Direct expenditure –10.72	10.72	–
5.	Community Water Facilities Water testing at community water points. Appropriate water purification system in the community. Repairing of water points (to ensure Hygiene and cleanliness) Bore wells for safe drinking water	Health	Mahindra World City Chennai, Veerapuram Village Kancheepuram District, Tamilnadu	8.57	Direct expenditure-4.39	4.39	NGO: World Vision

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken	Amount outlay (budget) project or programme wise (Rs lakhs)	Amount spent on the project/ programme Subheads: (1) Direct expenditure on project (2) Overheads (Rs lakhs)	Cumulative spend up to the reporting period (Rs lakhs)	Amount spent: Direct or through implementing agency
6.	Supporting Kunnavakkam PHC with Medical & Non Medical Equipment	Health	Mahindra World City Chennai, Veerapuram Village Kancheepuram District, Tamilnadu	2.33	Direct expenditure- 2.01	2.01	NGO: World Vision
7.	Capacity building of Self Help Groups	Others	Mahindra World City Chennai, Veerapuram Village Kancheepuram District, Tamilnadu	2	Direct expenditure-0	0	-
8.	Flood Relief	Others	Mahindra World City Chennai, Veerapuram Village Kancheepuram District, Tamilnadu	0	Direct expenditure-3	3	NGO: World Vision
			<b>Total</b>	<b>78.42</b>	<b>78.45</b>	-	-

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

**Not Applicable**, as the Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company

The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

**V Balaraman**

Director

DIN : 00267829

Chennai, 15<sup>th</sup> April, 2016

**Sangeeta Prasad**

Director

DIN : 02791944

Chennai, 15<sup>th</sup> April, 2016

## ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Policy on appointment of Directors and Senior Management

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra World City Developers Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team/Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:
1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
  3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non – adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Manager based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

**N. Vaghul**  
Chairman  
DIN: 00002014

Chennai, 15<sup>th</sup> April, 2016

**ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016****Policy on remuneration of Directors****Purpose**

This Policy sets out the approach to Compensation of Directors, in Mahindra World city Developers Limited.

**Policy Statement**

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to become a major player in Indian Real Estate Sector, to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

**NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

**Manager**

Remuneration of the Manager reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Manager, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The remuneration to the Manager shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as per the policy of the Company from time to time and as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of appointment, the variable compensation will be determined annually by the NRC based on the performance of Manager.

The term of office and remuneration of Manager is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Manager in accordance with the provisions of Schedule V of the Companies Act, 2013.

If a Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for Manager is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him/her fairly and responsibly. The remuneration to the Manager comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the Remuneration Committee/Board.

**Directors**

The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

**Disclosures**

Information on the total remuneration of members of the Company's Board of Directors, Manager and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

Sd  
**N. Vaghul**  
 Chairman  
 DIN: 00002014

Chennai, 15<sup>th</sup> April, 2016

## ANNEXURE 4 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Policy on Remuneration of Key Managerial Personnel and Employees

This Policy shall be effective from the financial year 2014 - 15.

#### Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes

#### Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance

is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - a) The increment that needs to be paid for different performance ratings as well as grades.
  - b) The increment for promotions and the total maximum increment.
  - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

Sd/-  
**N. Vaghul**  
Chairman  
DIN: 00002014

Chennai, 15<sup>th</sup> April, 2016

**ANNEXURE 5 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016****A. CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy;	:	The operations of the Company are not energy intensive. However, as a part of sustainable development adequate measures have been initiated to reduce energy consumption like installation of Solar street lights.
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	The first off-grid solar power plant in the state of Tamil Nadu was set up at Mahindra World City, Chennai in FY 11-12. Installed over 800 sq. mt. and equipped with a remote monitoring system, the 75 kW rooftop solar plant is expected to generate approximately 116,000 units (kWh) of clean electrical energy annually.
			Other initiatives to reduce energy consumption at MWC include use of energy efficient LED/Induction lighting. These LED/Induction lights, come with dimmable controllers which have a significant impact in maximising overall energy efficiency of the area. During the year, an MOU has been signed between World Resources India (WRI) and Mahindra World City Chennai (MWCC) to explore options for Green Energy Procurement to fulfil the peak demand of energy for customers within the city through Renewable sources
(iii)	the capital investment on energy conservation equipments	:	The above measures and the 75KW solar initiative has resulted in saving of around 0.69 lakh units of electricity this year.

**B. TECHNOLOGY ABSORPTION**

(i)	the efforts made towards technology absorption	:	Not applicable
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not applicable
(iv)	the expenditure incurred on Research and Development	:	Not applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

There is no earnings from Foreign Exchange in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are Nil.

For and on behalf of the Board,

Sd/-

**N. Vaghul**

Chairman

DIN : 00002014

Chennai, 15<sup>th</sup> April, 2016

**ANNEXURE 6****FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>ST</sup> March, 2016*(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)***1. REGISTRATION AND OTHER DETAILS:**

1.	CIN	U92490TN1997PLC037551
2.	Registration Date	19th February, 1997
3.	Name of the Company	Mahindra World City Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, Ground Floor, No.17/18 Pat-ullos Road, Chennai 600 002 Tel. No.:044-64522294 Fax No. 044-28584713
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1	Builders - Property Developers	0403	95

\* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

# on the basis of Gross Turnover

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	89.00	<b>2(46)</b>
2	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding co.	Nil	<b>2(46)</b>
3	Mahindra Industrial Park Chennai Limited	U45209TN2014PLC098543	Subsidiary	60	<b>2(87)(ii)</b>
4	Mahindra Integrated Township Limited	U45200TN2008PLC066292	Associate/Joint Venture	25.78	<b>2(6)</b>



(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	20,000,000	20,000,000	100	-	20,000,000	20,000,000	100	-
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	20,000,000	20,000,000	100	-	20,000,000	20,000,000	100	-
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	20,000,000	20,000,000	100%	-	20,000,000	20,000,000	100%	-

(ii) Shareholding of Promoters

Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total Shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total Shares	
Body Corporate – Mahindra Lifespace Developers Ltd	17,799,999	89	Nil	17,799,999	89	Nil	-
Body corporate – Tamilnadu Industrial Development Corporation Ltd	22,00,000	11	Nil	22,00,000	11	Nil	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Promoters hold 100% of the share capital of the company.

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year- 31 <sup>st</sup> March, 2015		Shareholding at the end of the year – 31 <sup>st</sup> March, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
3.	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

**(v) Shareholding of Directors and Key Managerial Personnel:**

Directors and KMP do not hold any shares in the company.

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Ms. Sangeeta Prasad Director				
1.	At the beginning of the year	1*	0.00	1*	0.00
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
3.	At the End of the year (or on the date of separation, if separated during the year)	1*	0.00	1*	0.00
	S. Chandru Manager & Company Secretary				
1.	At the beginning of the year	1*	0.00	1*	0.00
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
3.	At the End of the year (or on the date of separation, if separated during the year)	1*	0.00	1*	0.00

Note: \* Shares jointly held with Mahindra Lifespace Developers Limited

**I) INDEBTEDNESS**

Indebtedness of the company including outstanding/accrued but not due for payment

(Rs. in Crs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	201.25	167.50	–	368.75
ii) Interest due but not paid	–	4.49	–	4.49
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	201.25	171.99		373.24
<b>Change in Indebtedness during the financial year</b>				
• Addition	206.00			206.00
• Reduction	21.04	171.99		193.03
<b>Net Change</b>	184.95	171.99		12.96
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	386.21	–	–	386.21
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	386.21	–	–	386.21

**II) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager**

		(Rs. in Lakhs)				
Sr. No.	Particulars of Remuneration	Name of MD/WTD/MANAGER				
		S. Chandru				Total Amt
1.	Gross salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	76.78				76.78
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.38				0.38
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-				
2.	Stock Option	6.29				6.29
3.	Sweat Equity				-	
4.	Commission	-				
	- as % of profit					
	- others, specify...					
5.	Others, please specify					
	Total (A)	83.45				83.45
	Ceiling as per the Act (read with section III (d) of schedule V)					240.00

**B. Remuneration of other directors:**

		(Rs. in Lakhs)			
Sr. No.	Particulars of Remuneration	Name of Directors			Total Amt
		N. Vaghul	V. Balaraman	Sanjiv Kapoor	
<b>1</b>	<b>Independent Directors</b>				
	• Fee for attending board/committee meetings	1.40	1.50	0.75	3.65
	• Commission	0	0	0	0
	• Others, please specify				
	<b>Total (1)</b>	<b>1.40</b>	<b>1.50</b>	<b>0.75</b>	<b>3.65</b>
<b>2.</b>	<b>Other Non-Exeuctive Directors</b>	<b>A. K. Nanda</b>	<b>TIDCO</b>		
	• Fee for attending board/committee meetings	0.55			0.55
	• Commission	0	0		0
	• Others, please specify	-	-		
	<b>Total (2)</b>	<b>0.55</b>	<b>0</b>		<b>0.55</b>
	Total (B) = (1 + 2)	0	0	0	4.20
	Total (A)				77.16
	Total Managerial Remuneration				81.36
	Overall Ceiling as per the Act (read with section III (d) of schedule V)				240.00

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD.**

		(Rs. in Lakhs)			
Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	-	-	-	-
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	23.41*	23.41
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5.	Others, please Specify	-	-	-	-
	<b>Total</b>	-	-	23.41	23.41

Note: \* CFO TS Krishnan resigned with effect from 28<sup>th</sup> February, 2016

**III) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Penalty			None		
Punishment					
Compounding					

**OTHER OFFICERS IN DEFAULT**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board,

Sd  
N. Vaghul  
Chairman  
DIN : 00002014

Chennai, 15<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
MAHINDRA WORLD CITY DEVELOPERS LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Mahindra World City Developers Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 26.1 to the financial statements).
  - ii. The Company did not have material foreseeable losses on long-term contracts and the Company did not have any derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **A. F. Ferguson & Co.**

Chartered Accountants

Firm's Registration No.: 112066W

**Geetha Suryanarayanan**

Partner

Membership No.: 29519

Place: Chennai

Date: 15<sup>th</sup> April, 2016

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph f under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Mahindra World City Developers Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

**For A. F. Ferguson & Co.**

Chartered Accountants  
Firm’s Registration No.: 112066W

**Geetha Suryanarayanan**

Partner

Membership No.: 29519

Place: Chennai

Date: 15<sup>th</sup> April, 2016

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered title deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at any time during the year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lakh)	Amount Unpaid (₹ in lakh)
Income Tax Act, 1961	Income tax	Commissioner (Appeals)	2009-10	174.91	–

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions. The Company has not taken any loans or borrowings from banks and government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised or as per purposes revised with appropriate approvals. The Company has not raised any money from public during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us and based on the Company’s confirmation that they are covered under Para d, Section III (Remuneration payable by companies having no profit or inadequate profit without Central Government approval in certain special circumstances), Part II of Schedule V to the Companies Act 2013, relating to company in a Special Economic Zone as notified by Department of Commerce, the managerial remuneration paid/provided by the Company is in accordance with Section 197 read with the above Schedule V of the Companies Act 2013.



(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company

has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For A. F. Ferguson & Co**  
Chartered Accountants  
Firm's Registration No.112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 15<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital.....	3	200,000,000	200,000,000
(b) Reserves and surplus.....	4	997,361,563	969,239,171
		<u>1,197,361,563</u>	<u>1,169,239,171</u>
<b>Non-current liabilities</b>			
(a) Long-term borrowings.....	5	3,230,833,332	3,519,791,667
(b) Deferred tax liabilities (net).....	27.7	248,812,370	390,690,777
(c) Deferred Income.....		118,665,109	-
(d) Other long-term liabilities.....	6	39,166,095	38,301,970
(e) Long-term provisions.....	7	3,675,101	3,825,189
		<u>3,641,152,007</u>	<u>3,952,609,603</u>
<b>Current liabilities</b>			
(a) Short-term borrowings.....	8	-	-
(b) Trade payables.....	9		
(A) Total outstanding dues of micro enterprises and small enterprises		-	-
(B) Total outstanding dues of Creditors other than micro enterprises and small enterprises.....		41,697,517	24,167,235
(c) Other current liabilities.....	10	713,077,714	453,949,888
(d) Deferred Income.....		6,645,198	-
(e) Short-term provisions.....	11	1,208,070	25,383,910
		<u>762,628,499</u>	<u>503,501,033</u>
<b>TOTAL.....</b>		<u><b>5,601,142,069</b></u>	<u><b>5,625,349,807</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets.....	12		
(i) Tangible assets.....		535,475,323	564,836,391
(ii) Intangible assets.....		237,808	356,875
(iii) Capital work-in-progress.....		6,486,256	949,716
(b) Non-current investments.....	13	1,150,000,000	130,500,000
(c) Long-term loans and advances.....	14	198,797,195	278,894,510
		<u>1,890,996,582</u>	<u>975,537,492</u>
<b>Current assets</b>			
(a) Inventories.....	15	2,975,801,251	4,087,710,715
(b) Trade receivables.....	16	16,419,835	13,558,123
(c) Cash and cash equivalents.....	17	41,121,545	15,929,253
(d) Short-term loans and advances.....	18	633,942,253	494,961,711
(e) Other current assets.....	19	42,860,603	37,652,513
		<u>3,710,145,487</u>	<u>4,649,812,315</u>
<b>TOTAL.....</b>		<u><b>5,601,142,069</b></u>	<u><b>5,625,349,807</b></u>

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **A. F. Ferguson & Co**  
Chartered Accountants  
Firm's Registration No.112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : 15<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**N. Vaghul**  
Chairman  
(DIN: 00002014)

**Sangeeta Prasad**  
Director  
(DIN: 02791944)

**S. Chandru**  
Manager and Chief Operating Officer and Company Secretary  
(ACS: 4772)

**Anita Arjundas**  
Director  
(DIN: 00243215)

**L. Nataraj**  
Chief Financial Officer

Place : Chennai  
Date : 15<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Revenue from operations .....	20	2,115,700,618	608,685,754
Other income .....	21	19,836,795	33,497,041
<b>Total revenue</b> .....		<b>2,135,537,413</b>	<b>642,182,795</b>
<b>Expenses</b>			
Cost of land and project development.....		201,392,550	12,313,960
Changes in inventories .....	22	1,111,909,464	(259,333,091)
Employee benefits expense.....	23	39,095,752	34,888,480
Finance costs .....	24	462,999,778	389,479,701
Depreciation and amortisation expense.....	12	47,132,513	29,177,715
Other expenses .....	25	224,393,371	223,131,124
<b>Total expenses</b> .....		<b>2,086,923,428</b>	<b>429,657,889</b>
Profit before tax .....		48,613,985	212,524,906
<b>Tax expense:</b>			
(a) Current tax expense - Normal Tax.....		162,370,000	39,194,620
(b) (Less): MAT credit .....		-	(39,194,620)
Net current tax expense.....		162,370,000	-
(c) Deferred tax.....		(141,878,407)	69,963,978
Net tax expense.....		20,491,593	69,963,978
<b>Profit for the year</b> .....		<b>28,122,392</b>	<b>142,560,928</b>
Basic and diluted earnings per share .....		1.41	5.55

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **A. F. Ferguson & Co**  
Chartered Accountants  
Firm's Registration No.112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : 15<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**N. Vaghul**  
Chairman  
(DIN: 00002014)

**Sangeeta Prasad**  
Director  
(DIN: 02791944)

**S. Chandru**  
Manager and Chief Operating Officer and Company Secretary  
(ACS: 4772)

**Anita Arjundas**  
Director  
(DIN: 00243215)

**L. Nataraj**  
Chief Financial Officer

Place : Chennai  
Date : 15<sup>th</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>A. Cash flow from operating activities</b>		
Net Profit before tax .....	48,613,985	212,524,906
<u>Adjustments for:</u>		
Depreciation and amortisation .....	47,132,513	29,177,715
Loss on sale of assets .....	173,591	155,918
Finance costs .....	462,999,778	389,479,701
Interest income.....	(17,213,908)	(7,162,419)
Dividend Income .....	(843,703)	(26,000,000)
Provision for Doubtful debts.....	264,644	467,763
Bad debts written off.....	37,516	209,237
<b>Operating profit before working capital changes .....</b>	<b>541,164,416</b>	<b>598,852,821</b>
<u>Changes in working capital:</u>		
Adjustments for (increase)/decrease in operating assets:		
Inventories .....	92,409,464	(269,391,719)
Trade receivables .....	(3,163,872)	3,392,049
Short-term loans and advances .....	(138,980,542)	(11,035,007)
Long-term loans and advances.....	(1,180,976)	(1,011,527)
	<b>(50,915,926)</b>	<b>(278,046,204)</b>
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables.....	17,530,282	(4,252,062)
Other current liabilities.....	(204,413,842)	55,644,055
Other long-term liabilities.....	864,125	(1,363,426)
Deferred income.....	125,310,307	-
Short-term provisions.....	(104,240)	(3,848,783)
Long-term provisions .....	(150,088)	3,825,189
	<b>(60,963,456)</b>	<b>50,004,973</b>
Cash generated from operations.....	429,285,034	370,811,590
Net income tax (paid)/refunded.....	(81,310,901)	(62,150,364)
<b>Net cash from operating activities (A) .....</b>	<b>347,974,133</b>	<b>308,661,226</b>
<b>B. Cash flow from investing activities</b>		
Investment in share capital of subsidiary company .....	-	(500,000)
Capital expenditure on fixed assets, including capital advances .....	(23,249,684)	(119,533,787)
Proceeds from sale of fixed assets .....	106,367	347,352
Bank balances not considered as Cash and cash equivalents		
- Placed .....	-	(25,000)
Interest received		
- Mahindra Industrial Park Chennai Limited .....	8,758,732	
- Others.....	3,247,086	956,540
Dividend Received.....	843,703	26,000,000
<b>Net cash used in investing activities (B) .....</b>	<b>(10,293,796)</b>	<b>(92,754,895)</b>

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>C. Cash flow from financing activities</b>		
Redemption of preference shares .....	-	(650,000,000)
Borrowings from Related Parties (net) .....	-	1,675,000,000
Proceeds from Commercial Papers .....	<b>600,000,000</b>	-
Repayment of Commercial Papers.....	<b>(600,000,000)</b>	-
Proceeds from long-term borrowings .....	<b>2,060,000,000</b>	275,000,000
Repayment of inter-corporate deposits.....	-	(1,075,000,000)
Repayment of long term borrowings from related parties .....	<b>(1,675,000,000)</b>	-
Repayment of current maturities of long term borrowings .....	<b>(210,416,667)</b>	-
Finance cost.....	<b>(462,999,778)</b>	(344,541,345)
Dividends paid including tax.....	<b>(24,071,600)</b>	(87,684,548)
<b>Net cash flow used in financing activities (C) .....</b>	<b>(312,488,045)</b>	<b>(207,225,893)</b>
<b>Net increase in Cash and cash equivalents (A+B+C) .....</b>	<b>25,192,292</b>	<b>8,680,438</b>
Cash and cash equivalents at the beginning of the year .....	<b>15,904,253</b>	7,223,815
<b>Cash and cash equivalents at the end of the year.....</b>	<b>41,096,545</b>	15,904,253
<b>Cash and cash equivalents at the end of the year.....</b>	<b>41,096,545</b>	15,904,253
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents (Refer Note 17) .....	<b>41,121,545</b>	15,929,253
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements: bank balance in earmarked deposits .....	<b>25,000</b>	25,000
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17.....	<b>41,096,545</b>	<b>15,904,253</b>

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **A. F. Ferguson & Co**  
Chartered Accountants  
Firm's Registration No.112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : 15<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**N. Vaghul**  
Chairman  
(DIN: 00002014)

**Sangeeta Prasad**  
Director  
(DIN: 02791944)

**S. Chandru**  
Manager and Chief Operating Officer and Company Secretary  
(ACS: 4772)

**Anita Arjundas**  
Director  
(DIN: 00243215)

**L. Nataraj**  
Chief Financial Officer

Place : Chennai  
Date : 15<sup>th</sup> April, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1 Corporate information

The Company is in the business of land development for industrial, commercial and residential use. The Company acquires land and incurs expenditure on its development and related infrastructure facilities for lease/sale. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees.

### 2 Significant accounting policies

#### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

#### 2.3 Inventories

Inventories are valued at lower of cost and net realisable value. Work in progress represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

#### 2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.6 Depreciation and amortisation

Depreciation is provided on straight line method from the date the assets are put to use in accordance with Schedule II to Companies Act, 2013 with effect from 1<sup>st</sup> April, 2014.

Intangible assets are amortised over their estimated useful life as follows:  
Software expenditure incurred is amortised over three years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

#### 2.7 Revenue recognition

- Land lease premium is recognised as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.
- Property lease rentals, income from operation & maintenance charges and water charges are recognised on an accrual basis as per terms of the agreement with the lessees.
- Club membership fee is recognized equally over the tenure of membership. In case of life membership, the fee is recognized over the estimated usage period of 20 years. Annual membership fee due from members are recognised over the period of subscription as per terms agreed with the members.

Membership fee and annual subscription fee relating to the periods beyond the date of Balance Sheet is grouped under Deferred Income

- Income from services is recognised upon rendering of services.

#### 2.8 Other income

Interest income is accounted on time-proportion basis. Dividend income is accounted for, when the right to receive it is established.

#### 2.9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

#### Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

#### 2.10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

#### 2.11 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year end as applicable, and gain/loss arising out of such translation is adjusted to the profit and loss account.

#### 2.12 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are adjusted to the carrying value of the assets.

#### 2.13 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

#### 2.14 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences

#### Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made as and when services are rendered by the employees.

#### Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

**2.15 Borrowing costs**

Borrowing costs include interest and amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**2.16 Segment reporting**

The company has a single reportable segment namely, lease of land and properties constructed thereon.

**2.17 Earnings per share**

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

**2.18 Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more

subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

**2.19 Impairment of assets**

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**2.20 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

**2.21 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

**3 Share capital**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹10 each with voting rights	25,000,000	250,000,000	25,000,000	250,000,000
Unclassified shares of ₹10 each	5,000,000	50,000,000	5,000,000	50,000,000
Cumulative Redeemable preference shares of ₹100 each	6,500,000	650,000,000	6,500,000	650,000,000
<b>Total</b>		<b>950,000,000</b>		<b>950,000,000</b>
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹10 each with voting rights	20,000,000	200,000,000	20,000,000	200,000,000
<b>Total</b>		<b>200,000,000</b>		<b>200,000,000</b>

**Notes:**

**(i) Terms/rights attached to Equity Shares**

The company has only one class of Equity shares having a par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share.

The dividends proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

Repayment of capital will be in proportion to the number of equity shares held.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Equity shares with voting rights		Equity shares with voting rights	
	Number of shares		Number of shares	
Mahindra Lifespace Developers Limited, the holding company	17,799,999		17,799,999	

**(iii) Details of equity shares held by each shareholder holding more than 5% shares:**

Class of shares/Name of shareholder	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights –Mahindra Lifespace Developers Limited	17,799,999	89.00%	17,799,999	89.00%
–Tamil Nadu Industrial Development Corporation Limited	2,200,000	11.00%	2,200,000	11.00%

**(iv) There is no change in the number of shares and amount outstanding during the year.**

Particulars	As at		As at	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
			₹	₹
<b>4 Reserves and surplus</b>				
(a) General reserve				
Opening balance.....	34,500,000	34,500,000		
Closing balance.....	34,500,000	34,500,000		
(b) Capital Redemption Reserve.....	650,000,000	650,000,000		
(c) Surplus in Statement of Profit and Loss				
Opening balance.....	284,739,171	848,574,877		
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Net of deferred tax).....	–	802,093		
Add: Profit for the year.....	28,122,392	142,560,928		
Less:				
Dividends proposed to be distributed to equity shareholders (₹ ___ per share (previous year - ₹1.00 per share)).....	–	20,000,000		
Tax on proposed dividend.....	–	4,071,600		
Dividend paid on redemption of preference shares @ 8.5% for the period from April 1, 2014 to September 25, 2014.....	–	26,943,836		
Tax on dividend.....	–	4,579,105		
Transferred to Capital Redemption Reserve.....	–	650,000,000		
Closing balance.....	312,861,563	284,739,171		
<b>Total</b> .....	<b>997,361,563</b>	<b>969,239,171</b>		
<b>5 Long-term borrowings</b>				
Term loans (Secured)				
From HDFC Limited - Term Loan - 1 (refer note (i)).....	1,630,833,332	1,844,791,667		
From HDFC Limited - Term Loan - 1 (refer note (ii)).....	1,600,000,000	–		
Loans From related parties (Unsecured)				
from Holding Company (Interest @ 11%)....	–	1,620,000,000		
from Mahindra Residential Developers Limited (Interest @ 12.00%).....	–	55,000,000		
<b>Total</b> .....	<b>3,230,833,332</b>	<b>3,519,791,667</b>		

**Notes:**
**Term loan from HDFC Ltd**

- Term loan carries an interest of 9.85%. Principal to be repaid in 12 equal quarterly instalments, commencing from April 2016.
- Term loan carries an interest of HDFC CPLR - 728 points. Principal to be repaid in 12 equal quarterly instalments, commencing from March 2018, after a moratorium of 24 months. Current rate of interest is 10.37%
- Term loans are secured by equitable Mortgage of specified lands or any other security acceptable to HDFC Limited.
- For current maturities of long term borrowings, refer Note No. 10 in Other current liabilities.

Particulars	As at		As at	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
			₹	₹
<b>6 Other long-term liabilities</b>				
Security deposit received (From Lessees).....	39,166,095	38,301,970		
<b>Total</b> .....	<b>39,166,095</b>	<b>38,301,970</b>		
<b>7 Long-term provisions</b>				
(a) Provision for employee benefits:				
(i) Compensated absences.....	3,174,867	2,639,187		
(ii) Gratuity.....	500,234	1,186,002		
<b>Total</b> .....	<b>3,675,101</b>	<b>3,825,189</b>		
<b>8 Short-term borrowings</b>				
From related parties (Unsecured)				
Intercompany Deposit from Holding Company.....	–	920,000,000		
Intercompany Deposit from Mahindra Residential Developers Limited.....	–	155,000,000		
<b>Total</b> .....	<b>–</b>	<b>1,075,000,000</b>		
<b>9 Trade payables</b>				
Trade payables.....	41,697,517	24,167,235		
<b>Total</b> .....	<b>41,697,517</b>	<b>24,167,235</b>		
<b>10 Other current liabilities</b>				
Current maturities of long-term loan from HDFC Limited (Refer note 10.i).....	631,250,001	167,708,333		
Advance received from Ultimate Holding Company (towards club membership).....	–	122,500,000		
Interest payable on borrowings.....	–	44,938,356		
Statutory remittances (Contributions to PF, Withholding Taxes, VAT, Service Tax, etc.).....	10,457,024	7,298,312		
Other payables.....	35,268,333	42,848,428		
Payable on purchase of fixed assets.....	10,891,826	52,640,503		
Earnest money deposit received.....	893,000	1,339,300		
Advances from customers.....	11,600,132	5,352,937		
Rental/other deposit from customers.....	12,717,398	9,323,719		
<b>Total</b> .....	<b>713,077,714</b>	<b>453,949,888</b>		
10 (i) Refer Note No. 5.(i) & (ii) for terms of repayment and interest				
<b>11 Short-term provisions</b>				
(a) Provision for employee benefits:				
(i) Compensated absences.....	1,208,070	1,312,310		
(ii) Gratuity.....	–	–		
<b>Total</b> .....	<b>1,208,070</b>	<b>1,312,310</b>		
(i) Proposed equity dividend.....	–	20,000,000		
(iii) Tax on proposed dividends.....	–	4,071,600		
<b>Total</b> .....	<b>1,208,070</b>	<b>25,383,910</b>		



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**12 Fixed Asset**

In ₹

Particulars	Gross block					Depreciation					Net block		
	As at 01.04.2015	Additions	Deletions	Adjustments	As at 31.03.2016	As at 01.04.2015	Transition Adjustment	For the period	Deletions	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	
<b>A. Tangible assets</b>													
Land .....	20,838,405	-	-	-	<b>20,838,405</b>	-	-	-	-	-	<b>20,838,405</b>	20,838,405	
(Previous year) .....	10,779,777	10,058,628	-	-	<b>20,838,405</b>	-	-	-	-	-	<b>20,838,405</b>	10,779,777	
<b>Buildings</b>													
- Own use .....	230,254,285	13,778,777	-	-	<b>244,033,062</b>	29,839,237	-	10,247,934	-	<b>40,087,171</b>	<b>203,945,891</b>	200,415,048	
(Previous year) .....	112,097,794	118,156,491	-	-	<b>230,254,285</b>	26,150,260	-	3,688,977	-	<b>29,839,237</b>	<b>200,415,048</b>	85,947,534	
- Given under operating lease .....	116,977,826	-	-	-	<b>116,977,826</b>	28,683,849	-	3,886,861	-	<b>32,570,710</b>	<b>84,407,116</b>	88,293,977	
(Previous year) .....	116,977,826	-	-	-	<b>116,977,826</b>	24,796,988	-	3,886,861	-	<b>28,683,849</b>	<b>88,293,977</b>	92,180,838	
Plant and machinery .....	251,139,776	829,573	-	14,433,404	<b>266,402,753</b>	71,762,153	-	22,727,997	-	<b>94,490,150</b>	<b>171,912,603</b>	179,377,623	
(Previous year) .....	221,357,958	29,465,243	-	316,575	<b>251,139,776</b>	52,625,097	154,879	18,982,177	-	<b>71,762,153</b>	<b>179,377,623</b>	168,732,861	
Office equipment.....	9,588,594	-	-	-	<b>9,588,594</b>	2,212,683	-	1,371,817	-	<b>3,584,500</b>	<b>6,004,094</b>	7,375,911	
(Previous year) .....	1,651,328	8,253,841	-	(316,575)	<b>9,588,594</b>	887,110	629,150	696,423	-	<b>2,212,683</b>	<b>7,375,911</b>	764,218	
Furniture and fixtures .....	63,413,333	1,660,393	-	(14,433,404)	<b>50,640,322</b>	2,081,584	-	5,768,005	-	<b>7,849,589</b>	<b>42,790,733</b>	61,331,749	
(Previous year) .....	2,274,007	61,139,326	-	-	<b>63,413,333</b>	1,800,734	72,264	208,586	-	<b>2,081,584</b>	<b>61,331,749</b>	473,273	
Computers.....	4,337,981	201,159	-	-	<b>4,539,140</b>	1,722,700	-	718,235	-	<b>2,440,935</b>	<b>2,098,205</b>	2,615,281	
(Previous year) .....	1,726,668	2,611,313	-	-	<b>4,337,981</b>	717,238	358,816	646,646	-	<b>1,722,700</b>	<b>2,615,281</b>	1,009,430	
Vehicles .....	7,429,843	1,462,433	563,791	-	<b>8,328,485</b>	2,841,446	-	2,292,597	283,834	<b>4,850,209</b>	<b>3,478,276</b>	4,588,397	
(Previous year) .....	8,046,092	-	616,249	-	<b>7,429,843</b>	1,886,706	-	1,067,719	-	<b>2,841,446</b>	<b>4,588,397</b>	6,159,386	
<b>Total</b>	<b>703,980,043</b>	<b>17,932,335</b>	<b>563,791</b>	<b>-</b>	<b>721,348,587</b>	<b>139,143,652</b>	<b>-</b>	<b>47,013,446</b>	<b>283,834</b>	<b>185,873,264</b>	<b>535,475,323</b>	<b>564,836,391</b>	
Total (Previous year) .....	474,911,450	229,684,842	616,249	-	<b>703,980,043</b>	108,864,133	1,215,109	29,177,389	-	<b>139,143,652</b>	<b>564,836,391</b>	366,047,317	
<b>B. Intangible assets</b>													
Software .....	5,915,924	-	-	-	<b>5,915,924</b>	5,559,049	-	119,067	-	<b>5,678,116</b>	<b>237,808</b>	356,875	
(Previous year) .....	5,558,724	357,200	-	-	<b>5,915,924</b>	5,558,723	-	326	-	<b>5,559,049</b>	<b>356,875</b>	1	
<b>Total</b>	<b>5,915,924</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,915,924</b>	<b>5,559,049</b>	<b>-</b>	<b>119,067</b>	<b>-</b>	<b>5,678,116</b>	<b>237,808</b>	<b>356,875</b>	
Total (Previous year) .....	5,558,724	357,200	-	-	<b>5,915,924</b>	5,558,723	-	326	-	<b>5,559,049</b>	<b>356,875</b>	1	
<b>Total (A+B)</b>	<b>709,895,967</b>	<b>17,932,335</b>	<b>563,791</b>	<b>-</b>	<b>727,264,511</b>	<b>144,702,701</b>	<b>-</b>	<b>47,132,513</b>	<b>283,834</b>	<b>191,551,380</b>	<b>535,713,131</b>	<b>565,193,266</b>	
<b>Total (A+B) Previous year</b> .....	<b>480,470,174</b>	<b>230,042,042</b>	<b>616,249</b>	<b>-</b>	<b>709,895,967</b>	<b>114,422,856</b>	<b>-</b>	<b>29,177,715</b>	<b>-</b>	<b>144,702,701</b>	<b>565,193,266</b>	<b>366,047,318</b>	

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Nos:	₹	Nos:	₹
<b>13 Non-current investments</b>				
Investments (At cost):				
Unquoted, Trade - Long Term				
Investment in equity instruments in Subsidiary				
- Mahindra Industrial Park Chennai Limited .....	<b>102,000,000</b>	<b>1,020,000,000</b>	50,000	500,000
(101,950,000 Equity shares of ₹10 each subscribed during the year at par)				
Investment in equity instruments in Joint venture company				
- Mahindra Integrated Township Limited .....	<b>13,000,000</b>	<b>130,000,000</b>	13,000,000	130,000,000
<b>Total</b>	<b>115,000,000</b>	<b>1,150,000,000</b>	<b>13,050,000</b>	<b>130,500,000</b>
<b>14 Long-term loans and advances (Unsecured, Considered good)</b>				
Capital advances .....	-	-	-	219,192
Security deposits .....	-	<b>5,595,863</b>	-	4,414,887
Advance income tax (net of provisions) .....	-	<b>193,201,332</b>	-	138,723,811
MAT credit entitlement .....	-	-	-	135,536,620
<b>Total</b> .....	<b>-</b>	<b>198,797,195</b>	<b>-</b>	<b>278,894,510</b>

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	₹	₹	₹	₹
<b>15 Inventories</b> (at lower of cost and net realisable value)				
Work-in-progress				
(representing cost of land and related expenditure) .....	<b>2,974,839,029</b>		4,084,203,280	
Inventory procured for the Club .....	<b>962,222</b>		3,507,435	
<b>Total</b>	<b>2,975,801,251</b>		<b>4,087,710,715</b>	
<b>16 Trade receivables</b> (Unsecured, Considered good)				
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Unsecured, considered Good .....	<b>448,491</b>		1,629,419	
Doubtful .....	<b>732,407</b>		467,763	
Less: Provision for doubtful trade receivables .....	<b>732,407</b>		467,763	
<b>Total</b> .....	<b>15,971,344</b>		<b>11,928,704</b>	
<b>Total</b> .....	<b>16,419,835</b>		<b>13,558,123</b>	

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	As at	As at	Particulars	For the	For the
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015		year ended	year ended
	₹	₹		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>17 Cash and cash equivalents</b>			<b>22 Changes in inventories</b>		
(a) Cash on hand.....	159,731	57,273	<u>Inventories at the end of the year:</u>		
(b) Balances with banks			Work-in-progress .....	2,974,839,029	4,084,203,280
In current accounts .....	40,936,814	15,846,980	Inventory - club .....	962,222	3,507,435
In earmarked deposits (Refer Note 17(i) ...	25,000	25,000	<b>2,975,801,251</b>	<b>4,087,710,715</b>	
<b>Total.....</b>	<b>41,121,545</b>	<b>15,929,253</b>	<u>Inventories at the beginning of the year:</u>		
<b>18 Short-term loans and advances</b>			Project work-in-progress.....	4,084,203,280	3,828,377,624
(Unsecured unless specifically stated, Considered good)			Inventory - club .....	3,507,435	–
(a) Security deposits.....	675,000	675,000	<b>4,087,710,715</b>	<b>3,828,377,624</b>	
(b) Loans and advances to employees.....	–	128,712	Net (increase)/decrease .....	<b>1,111,909,464</b>	<b>(259,333,091)</b>
(c) Prepaid expenses .....	1,110,010	3,158,976	<b>23 Employee benefits expense</b>		
(d) Balances with government authorities Service Tax input credit .....	37,102,886	5,681,313	Salaries and wages.....	34,828,779	29,586,534
(e) Advances for purchase of land			Contributions to provident and other funds .....	1,394,091	1,725,236
Secured.....	328,754,905	473,263,192	Commission to non-whole time directors.....	–	1,686,575
Unsecured.....	3,405,000	3,405,000	Staff welfare expenses.....	2,872,882	1,890,135
(f) Other advances .....	262,894,452	8,649,518	<b>Total.....</b>	<b>39,095,752</b>	<b>34,888,480</b>
<b>Total.....</b>	<b>633,942,253</b>	<b>494,961,711</b>	<b>24 Finance costs</b>		
<b>19 Other current assets</b>			(a) Interest expense on:		
Interest accrued on Advance for purchase of land .....	42,860,603	37,652,513	(i) Term loan from HDFC Limited ....	271,976,764	223,117,993
<b>Total.....</b>	<b>42,860,603</b>	<b>37,652,513</b>	(ii) Term loan from Related parties ..	179,575,071	166,358,493
<b>Particulars</b>	<b>For the</b>	<b>For the</b>	(iii) Commercial Papers .....	11,439,600	–
	<b>year ended</b>	<b>year ended</b>	(iv) Other Interest .....	8,343	3,215
	<b>31<sup>st</sup> March, 2016</b>	<b>31<sup>st</sup> March, 2015</b>	<b>Total.....</b>	<b>462,999,778</b>	<b>389,479,701</b>
	₹	₹	<b>25 Other expenses</b>		
<b>20 Revenue from operations</b>			Power and fuel.....	30,580,809	29,673,587
(a) Land Lease Premium .....	–	369,040,460	Rent including lease rentals .....	899,717	1,039,107
(b) Sale of land - (refer note below) .....	1,846,085,080	–	Repairs and maintenance		
(c) Rental income.....	15,396,975	14,890,581	- Machinery.....	–	309,778
(d) Operation and maintenance income.....	231,837,510	224,754,713	- Others .....	1,352,502	888,889
(e) Club membership fees.....	6,599,644	–	Insurance	2,084,771	1,748,469
(f) Club Annual subscription fees.....	3,679,166	–	Rates and taxes .....	1,699,661	874,080
(g) Club operating income.....	9,664,243	–	Communication .....	3,092,981	3,347,796
(h) Others	2,438,000	–	Travelling and conveyance .....	7,709,573	7,722,208
<b>Total.....</b>	<b>2,115,700,618</b>	<b>608,685,754</b>	Printing and stationery.....	766,136	767,596
Note: Revenue from sale of land represents 264.875 acres of land sold to the subsidiary, based on the Joint Venture Agreement with Sumitomo Corporation, Japan. This revenue is net of revenue from sale of 32.42 acres, on which subsidiary has a right to return, if the litigation in respect of that land is not resolved by 31 <sup>st</sup> March, 2018.			Sales commission .....	–	2,611,913
<b>21 Other income</b>			Business promotion .....	7,539,766	13,514,209
Interest on Advance for purchase of land.....	5,208,090	6,912,556	Legal and professional .....	19,520,971	25,036,702
Interest on overdue receivables .....	8,758,732	–	Directors sitting fees.....	420,000	150,000
Interest on Fixed deposit with bank .....	150,685	249,863	Payments to auditors .....	1,140,812	1,054,947
Redemption of Mutual funds.....	3,096,401	–	Loss on Sale of Fixed Assets.....	173,591	155,918
Dividend from Mutual funds .....	843,703	–	Operation and Maintenance Expenses.....	120,491,846	119,978,717
Dividend income from shares.....	–	26,000,000	Provision for Doubtful Trade Receivables .....	264,644	467,763
Miscellaneous income .....	1,779,184	334,622	Bad debts .....	37,516	209,237
<b>Total.....</b>	<b>19,836,795</b>	<b>33,497,041</b>	Corporate social Responsibility (CSR) activities ...	7,844,750	7,471,763
			Club expenses .....	18,233,777	–
			Miscellaneous expenses .....	539,549	6,108,445
			<b>Total.....</b>	<b>224,393,371</b>	<b>223,131,124</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	For the	For the
	year ended	year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹	₹
(i) Payments to the auditors comprises (net of service tax input credit)		
Statutory audit.....	775,000	750,000
Other services .....	360,000	300,000
Reimbursement of expenses.....	5,812	4,947
<b>Total .....</b>	<b>1,140,812</b>	<b>1,054,947</b>

**26 Additional information to the financial statements**

Particulars	For the	For the
	year ended	year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹	₹

**26.1 Contingent liabilities and commitments**
**(i) Contingent liabilities**

Income Tax matters disputed and not provided for - under appeal

Tax on borrowing costs inventorised in books but claimed as expenditure under Income Tax and disputed by the department - ₹224,098,620 (for the years ended 31<sup>st</sup> March, 2013, 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2011 is ₹88,748,075, ₹75,743,139 and ₹59,607,406/- respectively. However even if this liability crystallizes, there would be future tax benefits available on account of timing difference except for interest and income tax rate differences.

Other Matters disputed.....	4,153,852	768,833
-----------------------------	-----------	---------

Note : The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.

**(ii) Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible assets	-	53,029,878
--	---	------------

**26.2** There are no dues to Micro and Small Enterprises and these have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**26.3 Expenditure in foreign currency**

Particulars	For the	For the
	year ended	year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹	₹
Professional Charges .....	7,262,126	-
<b>Total .....</b>	<b>7,262,126</b>	<b>-</b>

**27 Disclosures under Accounting Standards**

Particulars	For the	For the
	year ended	year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹	₹
<b>27.1 Details of borrowing costs inventorised</b>		
Borrowing costs inventorised during the year .....	238,435,827	287,113,236

**27.2** The Company has a single reportable segment namely, lease of land and properties constructed thereon.

**27.3 (1) Additional information to the financial statements - Gratuity**
**a) Defined Contribution plans**

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to the fund the benefits. The Company recognized ₹1,178 (In 000's) (PY ₹1,484 (In 000's) for Provident fund contributions in the statement of profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

**b) Defined Benefit Plans**

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Contributions to provident and other funds' in Note 23 Employee benefits expense. The details of actuarial valuation are given below:

	Gratuity (Funded)	
	2015-16	2014-15
	₹	₹
<b>a. Net Asset/(Liability) recognized in the balance sheet</b>		
Present Value of Defined Benefit Obligation .....	3,698,537	3,597,239
Fair Value of Plan assets.....	3,198,303	2,411,237
Liability recognised in the balance sheet .....	500,234	1,186,002
<b>b. Expense recognized in the Statement of Profit &amp; Loss</b>		
Past service cost.....	-	-
Current Service cost.....	359,644	378,879
Interest cost.....	278,290	277,384
Expected return on plan assets.....	(212,424)	(172,172)
Actuarial (gains)/Losses .....	(564,313)	(103,250)
Total expenses .....	(138,803)	380,841
<b>c. Change in present value of Defined Benefit obligation</b>		
Present Value of the obligation at the beginning of the year .....	3,597,239	3,217,102
Past service cost.....	-	-
Current Service cost .....	359,644	378,879
Interest Cost .....	278,290	277,384
Actuarial (Gains)/Losses.....	(477,790)	61,720
Benefits Paid.....	(58,846)	(337,846)
Present value of the obligation as at the end of the year .....	3,698,537	3,597,239

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Gratuity (Funded)	
	2015-16	2014-15
	₹	₹
<b>d. Change in fair value of plan assets</b>		
Present value of plan assets as the beginning of the year.....	2,411,237	2,230,192
Expected return on plan assets.....	212,424	172,172
Contributions made.....	546,965	181,750
Benefits paid.....	(58,846)	(337,846)
Actuarial Gains/(Losses).....	86,523	164,969
Present value of plan assets at the end of the year...	3,198,303	2,411,237
<b>e. Principal actuarial assumptions</b>		
Discount Rate.....	7.90%	7.80%
Expected return on plan assets.....	8.00%	8.00%
Mortality.....	LIC (2006-08) Ultimate mortality tables	
<b>f. Estimate of amount of contribution in the immediate next year.....</b>	<b>500,000</b>	50,000
<b>g. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.</b>		
<b>h. Basis used to determine expected rate of return - The Gratuity Fund is managed by the Life Insurance Corporation of India and they have not made available the information on major categories of plan assets and the expected rate of return on each class of plan assets.</b>		

i.	Experience adjustment as provided by actuary:	For the years:				
		2015-16	2014-15	2013-14	2012-13	2011-12
	Present value of DBO...	3,597,239	3,597,239	3,217,102	3,800,161	4,024,903
	Fair value of plan assets.....	3,198,303	2,411,237	2,230,192	2,846,742	1,177,668
	Experience gain/(loss) adjustments on plan liabilities.....	(212,424)	449,140	(29,123)	1,647,213	(1,645,523)
	Experience gain/(loss) adjustments on plan assets.....	86,523	164,969	84,623	(160,976)	(127,992)

Particulars	For the year ended	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Actuarial assumptions for long-term compensated absences</b>		
Discount rate.....	7.90%	7.80%
Expected return on plan assets.....	8.00%	8.00%
Salary escalation.....	12.00%	12.00%
Attrition.....	2.00%	5.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

**27.3 (2) Additional information to the financial statements - Employee benefits**

**Disclosures on Employee share based payments:**

Under the following Employee Stock Option Schemes, Mahindra Lifespace Developers Limited, the parent company issued equity - settled options to the employees of the Company as per the following details:

ESOS Scheme	Date of grant	No. of options granted	Options vested	Options exercised	Options lapsed	Amount ₹			
						Options outstanding as at		Employee compensation cost incurred by the Parent company and not charged to the Company for the	
						31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	year ended 31 <sup>st</sup> March, 2016	year ended 31 <sup>st</sup> March, 2015
ESOS 2006	25 <sup>th</sup> April, 2008	31,050	23,950	2,500	4,600	23,950	26,450	-	-
ESOS 2012	4 <sup>th</sup> August, 2012	9,000	-	6,300	-	2,700	5,400	706,809	706,809
	28 <sup>th</sup> January, 2016	1,500	-	-	-	1,500	-	27,584	-
<b>Total charge for the year</b>								<b>734,393</b>	<b>706,809</b>

**Other terms**

ESOS Scheme	ESOS 2006	ESOS 2012
Exercise price	₹ 428/share	₹ 10/share
Vesting Conditions	25 % each on expiry of 12, 24, 36 and 48 months from the date of grant	20 % each on expiry of 12 and 24 months and 30 % each on expiry of 36 and 48 months from the date of grant
Contractual life	5 years from the date of individual vesting.	

The holding company has adopted intrinsic value method for computing the compensation cost for the Options granted. The Intrinsic value, i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period in the books of the parent company. The Parent company has also confirmed that there will be no recovery of the above ESOP cost from the Company.

Note: The above details are as provided by the holding company and the auditors have placed reliance on the same.

**27.4 Related party transactions**

**27.4 a. Details of related parties:**

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespaces Developers Limited
Subsidiary	Mahindra Industrial Park Chennai Ltd
Fellow Subsidiaries	Mahindra World City (Jaipur) Limited
	Mahindra Residential Developers Limited (Subsidiary of MITL)
	Mahindra Consulting Engineers Limited
	Mahindra Integrated Business Solutions Private Ltd.
	Mahindra Holidays & Resorts (India) Ltd
Joint Venture	Mahindra Integrated Township Limited (MITL)
Key Management Personnel (KMP)	Mr. S Chandru, Manager and Chief Operating Officer
Manager under the companies Act, 2013	Mr. Jayantt Manmadkar (With effect from 21 <sup>st</sup> January, 2015)
	Mr. Ankit Shah (With effect from 16 <sup>th</sup> October, 2015) - Company Seceretary
	Mr. Sivarajan Kumar Tulluri (With effect from 13 <sup>th</sup> January, 2015) - Chief Financial Officer
	Mr. T.S. Krishnan, Chief Financial Officer (upto 29 <sup>th</sup> February, 2016)

Note: Related parties have been identified by the Management and relied upon by the auditors.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015****27.4 b. Details of related party transactions during the year ended 31<sup>st</sup> March, 2016 and balances outstanding as at 31<sup>st</sup> March, 2016:**

	Ultimate Holding Company	Holding Company	Subsidiary	Fellow Subsidiaries	Joint Venture	In ₹ KMP
<b>Transactions during the year</b>						
Sale of Land ₹2,104,667,000 net of Amount derecognised ₹258,581,920/-			2,104,667,000			
Operation and maintenance Income	18,516,240 (16,973,220)	167,790 (2,442,717)			25,230,706 (21,166,860)	
- Mahindra Residential Developers Limited				2,974,320 (6,298,644)		
Water charges	7,402,460 (7,340,630)				3,703,841 (6,829,507)	
- Mahindra Residential Developers Limited				3,696,798 (7,014,211)		
Club income	3,500,000					
Professional charges received			1,649,184			
Interest received			8,758,732			
Rent received					2,845,800	
Reimbursement of expenses		(2,471,304)	11,283,775			
Dividend income from shares						
Professional Charges	350,000 (15,000)				(26,000,000)	
- Mahindra Consulting Engineers Limited				4,813,317 (9,394,000)		
- Mahindra Integrated Business Solutions Pvt Ltd				108,100 (108,000)		
Travelling Expenses						
- Mahindra Holidays & Resorts India Limited				(1,098,155)		
Rent Paid	612,227 (687,177)					
Interest Paid		175,940,550 (158,318,493)				
Mahindra Residential Developers Limited				3,634,521 (8,040,000)		
Purchase of Fixed asset						
	(4,257,307)					
Inter Corporate Deposit received						
- Mahindra Residential Developers Limited		(750,000,000)				
Term loan repaid		1,620,000,000 (50,000,000)				
- Mahindra Residential Developers Limited				55,000,000 (110,000,000)		
Advances received						
	(32,500,000)					
Investment in share capital			1,019,500,000 (500,000)			
<b>Managerial Remuneration*</b>						
Manager and Chief Operating Officer						7,716,362 (7,725,836)
Chief Financial Officer						2,341,252 (1,884,975)
Director's Commission						
Dividend Paid on Equity & Preference Shares		17,800,000 (72,747,260)				(1,686,575)
<b>Balance Outstanding as at the year end</b>						
Receivables	805,155 (801,680)		258,581,920			
Payables	5,645,653 (129,653,449)				8,642,835 (6,650,775)	
- Mahindra Residential Developers Limited		(1,666,841,928)		2,306,889 (57,306,889)		
- Mahindra Integrated Business Solutions Private Ltd.				10,420 (10,053)		

Note: Figures in bracket relates to the previous year

\* Remuneration payable to Manager &amp; CFO is approved by Nomination &amp; Remuneration committee

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

27.5 The Company's leasing arrangements are in respect of commercial premises given under operating lease.

Lease income from operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are under:

**27.5 Leases**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
Gross carrying amount of premises ....	116,977,826	116,977,826
Accumulated depreciation.....	32,570,710	28,683,849
Depreciation for the year.....	3,886,861	3,886,861

**27.6 Earnings per share**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	₹	₹
<u>Basic and diluted</u>		
Net profit for the year .....	28,122,392	142,560,928
Less: Preference dividend and tax thereon paid on redemption .....	-	31,522,941
Net profit for the year attributable to the equity shareholders (₹) .....	28,122,392	111,037,987
Weighted average number of equity shares (Nos.) .....	20,000,000	20,000,000
Par value per share (₹) .....	10	10
Earnings per share - Basic and diluted (₹)...	1.41	5.55

**27.7 Deferred tax (liability)/asset**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets .....	(56,223,798)	(53,840,252)
Interest inventorised but claimed as allowable for tax purposes .....	(194,532,011)	(434,117,014)
Less: Transition Adjustment on depreciation .....	-	413,016
Tax effect of items constituting deferred tax liability .....	(250,755,809)	(487,544,250)
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences, gratuity and other employee benefits....	1,689,968	1,777,986
Brought forward business losses .....	-	94,913,604
Provision for Doubtful Debts .....	253,471	161,883
Tax effect of items constituting deferred tax assets .....	1,943,439	96,853,473
Net deferred tax (liability)/asset .....	(248,812,370)	(390,690,777)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
<b>Deferred tax reconciliation:</b>		
Deferred tax expenses for the year based on the movement in net deferred tax liability as at the beginning and end of the year as shown above	141,878,407	69,550,962
<b>Add:</b> Deferred tax impact netted off from depreciation on transition to Schedule II of the Companies Act, 2013 adjusted to opening surplus.	-	413,016
<b>Deferred tax impact in the Statement of Profit and Loss</b>	<b>141,878,407</b>	<b>69,963,978</b>

**27.8 Joint Venture Disclosures**

**i. Interest in Joint Ventures**

Name of the Company	Country of Incorporation	Proportion of ownership interest
Mahindra Integrated Township Limited	India	25.78%

**ii. Interest in assets, liabilities, income, expenses and capital  
commitment with respect to the Joint Ventures**

Particulars	2015-16	2014-15
Tangible fixed assets .....	1,913,946	57,191
Non-current Investments .....	170,905,496	170,905,601
Long term loans and advances .....	20,293,979	17,850,223
Inventories.....	265,048,708	238,052,206
Trade receivables.....	7,941,932	28,848,994
Cash and cash equivalents.....	17,282,036	33,208,962
Short term loans and advances.....	19,625,092	23,834,579
Other Current Assets.....	73,103,198	49,357,212
Trade payables .....	61,145,210	71,603,490
Other Current Liabilities.....	55,908,970	79,480,301
Short term borrowings.....	56,096,589	69,594,528
Short term provisions .....	3,245,272	2,618,816
Long term Borrowings.....	193,318,132	148,726,083
Long term Provisions.....	3,438,239	-
Income .....	150,234,370	401,253,693
Expenses.....	133,649,821	293,008,298

28.1 The Company does not have material foreseeable losses on the long term contracts as on 31<sup>st</sup> March, 2016

28.2 The Company did not enter into any derivative contracts during the year

28.3 There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year

**29 Previous year's figures**

Previous year's figures have been regrouped/reclassified wherever necessary to conform with the current year's classification/disclosure.

For **A. F. Ferguson & Co**  
Chartered Accountants  
Firm's Registration No.112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : 15<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**N. Vaghul**  
Chairman  
(DIN: 00002014)

**Sangeeta Prasad**  
Director  
(DIN: 02791944)

**S. Chandru**  
Manager and Chief Operating Officer and Company Secretary  
(ACS: 4772)

Place : Chennai  
Date : 15<sup>th</sup> April, 2016

**Anita Arjundas**  
Director  
(DIN: 00243215)

**L. Nataraj**  
Chief Financial Officer

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Ninth report together with the audited financial statement of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS

Particulars	(₹ in lakh)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income	3,383.06	6,769.24
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	566.43	1,764.63
Less : Depreciation	-	-
Profit/(Loss) Before Finance Cost and Taxation	566.43	1,764.63
Less : Finance Cost	-	2.91
Profit/(Loss) Before Taxation	566.43	1,761.72
Less : Provision for Taxation	114.68	369.26
Profit/(Loss) for the year after Taxation	451.75	1,392.46
Add : Balance of Profit/(Loss) for earlier years	3,352.78	3,832.24
Dividend on preference and equity shares (including tax on distributed profits)	-	1,871.92
Balance carried forward	3,804.53	3,352.78

#### Dividend

With a view to conserve the resources of the Company for its growth plan, the Directors have not recommended dividend for financial year 2015-2016.

#### Reserves

Profit for the year has been carried forward to P & L account and no amount has been transferred to Reserves.

#### Operations

The Company's project 'Aquality' is a premium project within Mahindra World City, Chennai. Spread across 55 acres of land, the project offers villas and apartments with an estimated saleable area of 1.57 million square feet of which 1.39 million square feet has been launched and 1.01 million square feet has been sold upto March 2016. The Company has completed the construction of Villas, 3 Phases of apartments have been completed including 2C1 which was completed during the year, taking the total completed area under the project to 1.23 million square feet. Construction for the next phase of apartments (2C2) covering 0.16 million square feet is progressing as per schedule.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

#### Share Capital

The Authorised share capital of the Company is ₹ 50 lakh consisting of equity share capital of ₹ 45 lakh and preference share capital of ₹ 5 lakh. The paid up equity capital is ₹ 25 lakh and paid up preference share capital is ₹ 1 lakh. The entire paid up share capital of the Company is held by Mahindra Integrated Township Limited.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

#### Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

#### Networth

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was ₹ 8,814.11 lakh and ₹ 9,265.86 lakh respectively.

#### Holding Company

The Company is a wholly owned subsidiary company of Mahindra Integrated Township Limited and consequently a subsidiary company of the Mahindra Lifespace Developers Limited and of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/ associate or joint venture company of the Company. Therefore, the requirement of consolidated financial statement are not applicable to the Company.

#### Board of Directors

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Ms. Sangeeta Prasad	02791944	Chairperson, Non-Executive Non-Independent Director
Mr. Raghunath Murti	00082761	Independent Director
Mr. Sanjay Jain	06446899	Independent Director
Mr. Sanjiv Kapoor	00004005	Independent Director
Mr. Jayantt Manmadkar	03044559	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayantt Manmadkar (DIN: 03044559) a Non-executive and Non-independent Director retires by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Jayantt Manmadkar is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Act, declaration from all the Independent Directors is received affirming their independence in accordance with the section 149(6) of the Act.

#### Key Managerial Personnel

As the Company does not meet criteria for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

#### Committees of the Board

- Audit Committee**

The Audit Committee comprises of two independent directors, namely Mr. Sanjay Jain, Mr. Raghunath Murti and one Non-Executive Non-Independent director, Mr. Jayantt Manmadkar. Mr. Sanjay Jain is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

- Corporate Social Responsibility (CSR)**

The CSR Committee comprises of one independent director, Mr. Raghunath Murti and two Non-Executive Non-Independent Directors, Ms. Sangeeta Prasad and Mr. Jayantt Manmadkar. Ms. Sangeeta Prasad is the Chairperson of the Committee.

During the year, the Company contributed Rs. 46.71 lakhs towards Corporate Social Responsibility. The annual report on the CSR activities providing brief details on CSR

policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report.

- Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprise of two Independent Directors, namely Mr. Raghunath Murti and Mr. Sanjay Jain and two Non-Executive Non-Independent Directors, Ms. Sangeeta Prasad and Mr. Jayantt Manmadkar. Mr. Raghunath Murti is the Chairman of the Committee.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3** and **Annexure 4**, respectively to this report:

1. Policy on appointment of Directors and Senior Management (**Annexure 2**)
2. Policy on remuneration of Directors (**Annexure 3**)
3. Policy on remuneration of Key Managerial Personnel and Employees (**Annexure 4**)

#### Meeting of Independent Directors

The Independent Directors of the Company met once without the presence of the Non-Independent Director(s) or any other Management Personnel. The Meeting was conducted to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity, and timeliness of flow of information between the Company Management and that Board that is necessary for the Board to effectively and reasonably perform their duties.

#### Meetings

During the year, five meetings of the Board of Directors were convened and held on following dates:

16<sup>th</sup> April 2015, 10<sup>th</sup> July 2015, 15<sup>th</sup> October, 2015, 19<sup>th</sup> January, 2016 and 23<sup>rd</sup> March, 2016.

During the year, four meetings of the Audit Committee were convened and held on the following dates:

16<sup>th</sup> April 2015, 10<sup>th</sup> July 2015, 15<sup>th</sup> October, 2015 and 19<sup>th</sup> January, 2016.

During the year, one meeting of Nomination & Remuneration Committee was convened and held on 16<sup>th</sup> April, 2015.

During the year, three meetings of the Corporate Social Responsibility Committee were convened and held on 16<sup>th</sup> April, 2015, 15<sup>th</sup> October, 2015, 19<sup>th</sup> January, 2015. The Previous Annual General Meeting was held on 14<sup>th</sup> July, 2015.

The details of the number of meetings of the Board and the Committees thereof attended by the respective members of the Board/Committees are given below:



Sr. No.	Name of the Director	No. of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended	No. of CSR Committee meetings attended
1.	Ms. Sangeeta Prasad	5	–	1	3
2.	Mr. Jayantt Manmadkar	5	4	1	3
3.	Mr. Sanjiv Kapoor	3	–	–	–
4.	Mr. Sanjay Jain	4	4	1	–
5.	Mr. Raghunath Murti	4	4	1	3

The previous Annual General Meeting of the Company was held on 14<sup>th</sup> July, 2015.

### Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the financial year 2015-2016, received declarations under the Codes from the Board members, Independent Directors of the Company affirming compliance with the respective Codes.

### Directors’ Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2016 and of the profit of the Company for that period;
- they had 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;
- they had prepared the annual accounts on a going concern basis; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board reviews the internal control systems with the auditors.

### Vigil Mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company’s policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company. The Whistle Blower Policy of the Company is attached herewith as **Annexure 5**.

### Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimisation procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

### Auditors

At the 7<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> July 2014 M/s. Deloitte Haskins & Sells., Chartered Accountants (Reg No: 008072S), Chennai, were appointed as Auditors for a term of 5 consecutive years from the conclusion of the 7<sup>th</sup> Annual General Meeting till the conclusion of the 12<sup>th</sup> Annual General Meeting to be held in the calendar year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. Accordingly, the members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 9<sup>th</sup> Annual General Meeting till the conclusion of the 12<sup>th</sup> Annual General Meeting to be held in 2019.

As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, proposed to be re-appointed as Auditors, that their appointment if made, would be in conformity within the limits specified in the said Section.

The Auditor’s Report does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comments.

The requirements of having secretarial auditor and cost auditor are presently not applicable to the Company.

### Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As the Company is engaged in the business of developing residential units, the provisions of Section 186 of the

Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of the loans and advances are provided in the financial statement at **Note no. 12**.

During the year, there are no investment made by the Company attracting the provisions of Section 186 of the Companies Act, 2013.

#### **Contracts and Arrangements with Related Parties**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

#### **Deposits, Loans and Advances**

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3) (m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 6** to this report.

#### **Employee Remuneration**

Being an unlisted company, the details of employee remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

#### **Extract of Annual Return**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 7** and forms part of this Report.

#### **Safety, Health and Environmental Performance**

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

#### **Sustainability**

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

#### **General**

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

#### **Cautionary statement**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

#### **Acknowledgment**

The Directors would like to thank all shareholders, customers, bankers, contractors and suppliers of the Company for the support received from them during the year.

For and on behalf of the Board,

**Sangeeta Prasad**  
Chairperson  
DIN : 02791944

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE 1

### THE ANNUAL REPORT ON CSR ACTIVITIES

**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

The company has mission of: 'Transforming Urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. In addition to the past investments in CSR initiatives which are mostly in the areas of education, public health and environment, which also include sustainability initiatives to reduce energy and resource use. This is reflected in Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". We undertake endeavour for inclusive development at all our project locations to help the communities that live around these projects prosper in all walks of life.

**2. The composition of the CSR Committee**

The CSR Committee of the Company comprise of Ms. Sangeeta Prasad (Chairperson), Mr. Raghunath Murti, Independent Director and Mr. Jayant Manmadkar, Non-executive Non-Independent Director.

**3. Average net profit of the company for last three financial years.**

The average net profit of the Company for the last three financials years- **Rs. 2,336.66 lakh**

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

Prescribed CSR Spend (2% of above amount)- Rs. 46.71 lakh

**5. Details of CSR spent during the financial year:**

- a. Total amount to be spent for the financial year: Rs. 46.71 lakh
- b. Amount unspent, if any: Nil
- c. Manner in which the amount spent during the financial year is detailed below:

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project of activity identified	Sector in which the project is covered	Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Nanhi Kali – sponsored Girl child education	Education	Chennai	23.36	Direct expenditure: 23.36	23.36	Implementing Agency : KC Mahindra Education Trust
2.	School Expansion	Education	Chennai	15.97	Direct expenditure: 11.7	15.97	Mahindra World School Educational Trust
3.	Project Haryali – Tree Plantation	Environment	Chennai	1.39	Direct expenditure: 1.39	1.39	World Vision
4.	Supporting Primary Health Center	Health	Chennai	5.00	Direct expenditure: 5	5.00	World Vision

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project of activity identified	Sector in which the project is covered	Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
5.	Flood Relief to flood affected families in the nearby vicinity of Mahindra World City, Chennai	Health	Chennai	1.00	Direct expenditure: 1	1.00	–

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.**

The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

<p><b>Sangeeta Prasad</b> (Chairperson of Board and CSR Committee)</p> <p>Mumbai, 13<sup>th</sup> April, 2016</p>	<p><b>Jayant Manmadkar</b> (Member of CSR Committee)</p> <p>Mumbai, 13<sup>th</sup> April, 2016</p>
---	---

## ANNEXURE 2

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

#### A. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Residential Developers Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (**KMP**) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (**NRC**) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are/will be members of its Core Management Team/ Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### B. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:
  - a. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

- b. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
  - c. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
2. Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### C. REMOVAL OF DIRECTORS

1. If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### D. SENIOR MANAGEMENT PERSONNEL

1. The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.
2. Senior Management personnel are appointed or promoted and removed/relieved with the authority of Board/Chairperson based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

**Sangeeta Prasad**  
Chairperson  
DIN : 02791944

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE 3

### POLICY FOR REMUNERATION OF THE DIRECTORS

#### A. PURPOSE

This Policy sets out the approach to Compensation of Directors in Mahindra Residential Developers Limited.

#### B. POLICY STATEMENT

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### C. NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation.

The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### D. EXECUTIVE DIRECTORS

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of in the applicable statutes and regulations.

For and on behalf of the Board,

**Sangeeta Prasad**  
Chairperson  
DIN : 02791944

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE 4

### POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014-15.

#### Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

#### Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while

individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - a. The increment that needs to be paid for different performance ratings as well as grades.
  - b. The increment for promotions and the total maximum increment.
  - c. The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it in tune with the market.

For and on behalf of the Board,

**Sangeeta Prasad**  
Chairperson  
DIN : 02791944

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE 5

### WHISTLE BLOWER POLICY

**1. The Whistle Blower Policy shall come into effect from 1<sup>st</sup> April 2014.**

**2. Preface**

Mahindra Residential Developers Limited (MRDL) (“the Company”) is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as “Codes” or “the Codes”) and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as “Policies”) which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of section 177 of Companies Act, 2013 (“the Act” or “Act”), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical behavior, actual or suspected, fraud or violation of the Company’s Code or Policies.

Accordingly, this Whistle Blower Policy (“the Policy” or “this Policy”) has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Audit Committee.

**3. Definitions**

The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/ Act.]

- a. “Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.
- b. “Codes” mean three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees.
- c. “Director” means a director as defined under Section 2 (34) of the Companies Act, 2013.

- d. “Employee” means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.
- e. “Investigators” means those persons authorised, appointed, consulted or approached by the Audit Committee and the Police.
- f. “Protected Disclosure” means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company’s Codes or Policies or any improper activity.
- g. “Subject” means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- h. “Whistle Blower” means a Director or Employee making a Protected Disclosure under this Policy.

**4. Scope**

- a. The Whistle Blower’s role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Audit Committee or the Investigator.
- c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

**5. Eligibility**

All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

**6. Procedure**

- a. All Protected Disclosures should be addressed to the Audit Committee.
- b. If a protected disclosure is received by any Executive(s) of the Company other than the Audit Committee member, the same should be forwarded to the Audit Committee for further appropriate action.
- c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.



- d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).
- e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Audit Committees shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

## 7. Investigation

- a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Audit Committee who would investigate/oversee the investigations.
- b. The Audit Committee may at their discretion, consider involving any Investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d. The identity of a Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- g. Subjects have a right to consult with a person or persons of their choice, other than the Audit Committee.
- h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation

report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

- j. Subjects have a right to be informed of the outcome of the investigation.
- k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

## 8. Protection

- a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.
- b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.
- c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.
- d. A Whistle Blower(s) may report any violation of the above Clause to the Audit Committee who shall investigate into the same and advise suitable action to the Management.
- e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

## 9. Disqualifications

- a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.
- c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to

be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

#### 10. Investigators

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of legal and professional standards.
- c. Investigations would be launched only after a preliminary review by the Audit Committee, as the case may be, which establishes that:
  - i. the alleged act constitutes an improper or unethical activity or conduct; and
  - ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

#### 11. Decision

If an investigation leads the Audit Committee to conclude that an illegal or unethical behaviour, actual or suspected

fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Audit Committee shall advise to the Management of the Company to take such disciplinary or corrective action as the Audit Committee may deem fit.

#### 12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed before the Audit Committee on a regular basis.

#### 13. Retention of documents

All Protected Disclosures in writing or documented alongwith the results of investigation relating thereto shall be retained by the Company for a minimum period of seven year.

#### 14. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/ Directors unless the same is notified to the Employees/ Director.

For and on behalf of the Board,

**Sangeeta Prasad**  
Chairperson  
DIN : 02791944

Mumbai, 13<sup>th</sup> April, 2016

**ANNEXURE 6**

**1. CONSERVATION OF ENERGY**

(i)	the steps taken or impact on conservation of energy;	: As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and removal i.e. the complete building life cycle.  Steps taken for energy conservation:  1. Energy efficient building envelopes for walls and roofs 2. Solar water heating system 3. Heat Reflective paint 4. Adoption of solar street lighting for landscape areas 5. Adoption of high efficient pumps, motors 6. Group control mechanism for lifts 7. LED lamps for common areas & pathways 8. Timer based controller for landscape lighting
(ii)	the steps taken by the company for utilising alternate sources of energy;	: Adoption of Solar hot water systems.
(iii)	the capital investment on energy conservation equipments	: It is a mandate in our organisation to develop all the projects as green building projects. We don't capture these expenses separately under environmental protection expenditures/green investments.  During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself.  These expenditures are mainly for:  1. Use of energy efficient building envelopes & fenestration 2. Heat reflective paint, 3. Low flow fixtures, 4. Sewage treatment plant, 5. Rain water harvesting system, 6. Organic waste converter, 7. Energy efficient equipments such as pumps and motors, etc. 8. Solar hot water systems, 9. Energy efficient lighting fixtures such as LED's

**2. TECHNOLOGY ABSORPTION**

(i)	the efforts made towards technology absorption	:	The Company has adopted various alternate materials, methods during the year which includes use of Vinyl flooring, Rubber flooring, Fiber based concrete, Pre-cut and pre-polished door shutters.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Process improvement, Product Improvement
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	–
(iv)	the expenditure incurred on Research and Development	:	–

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, there are no foreign exchange earnings. The details of foreign exchange outgo is furnished in Note no. 20 to Accounts.

For and on behalf of the Board,

**Sangeeta Prasad**  
Chairperson  
DIN : 02791944

Mumbai, 13<sup>th</sup> April, 2016

**ANNEXURE 7****FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>st</sup> March, 2016

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

**1. REGISTRATION AND OTHER DETAILS**

1.	CIN	U45200TN2008PLC066292
2.	Registration Date	01 February 2008
3.	Name of the Company	M/S. Mahindra Residential Developers Limited.
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002. Tel: +91 44 67455001
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	–

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	100

\*As per National Industrial Classification – Ministry of Statistics and Programme Implementation

# on the basis of Gross Turnover

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Integrated Township Limited Address: Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002.	U74140TN1996PLC068288	Holding Company	100	2 (46)
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Intermediate Holding Company	–	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

**4. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)****(i) Category-wise Share Holding:**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total issued shares	Demat	Physical	Total	% of total issued shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total issued shares	Demat	Physical	Total	% of total issued shares	
d) Bodies Corp.	–	250,000	250,000	100	–	250,000	250,000	100%	0.00
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
<b>Sub-total (A)(1):-</b>	–	250,000	250,000	100	–	250,000	250,000	100%	0.00
<b>(2) Foreign</b>									
a) NRI – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
<b>Sub-total (A)(2):-</b>	–	–	–	–	–	–	–	–	–
<b>Total shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	–	250,000	250,000	100%	–	250,000	250,000	100%	0.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-total (B)(1):-</b>	–	–	–	–	–	–	–	–	–
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total issued shares	Demat	Physical	Total	% of total issued shares	
d) Others Trust	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	250,000	250,000	100%	-	250,000	250,000	100%	0.00

**(ii) Shareholding of Promoters (Equity)**

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Integrated Township Limited	2,49,930	100	-	2,49,930	100	-	0.00
2.	Mahindra Integrated Township Limited and Ms. Anita Arjundas	10	0.00	-	10	0.00	-	0.00
3.	Mahindra Integrated Township Limited and Mr. Sethuraman Chandru	10	0.00	-	10	0.00	-	0.00
4.	Mahindra Integrated Township Limited and Mr. Rajendra Joshi	10	0.00	-	10	0.00	-	0.00
5.	Mahindra Integrated Township Limited and Mr.R. Eswaran	10	0.00	-	10	0.00	-	0.00
6.	Mahindra Integrated Township Limited and Mr. K. Shyam Sundar	10	0.00	-	10	0.00	-	0.00
7.	Mahindra Integrated Township Limited and Ms. Sangeeta Prasad	10	0.00	-	10	0.00	-	0.00
8.	Mahindra Integrated Township Limited and Ms. K Bharathy	10	0.00	-	10	0.00	-	0.00
	<b>Total</b>	<b>2,50,000</b>	<b>100</b>	<b>-</b>	<b>2,50,000</b>	<b>100</b>	<b>-</b>	<b>0.00</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the Shareholding of Promoter Group

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** Nil

**(v) Shareholding of Directors and Key Managerial Personnel:**

For each of Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Sangeeta Prasad – Director</b> At the beginning of the year	10*	0.00	10*	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
At the end of the year	10*	0.00	10*	0.00

\* Jointly held with Mahindra Integrated Township Limited (first shareholder).

**5. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i + ii + iii)</b>	NIL	NIL	NIL	NIL
<b>Change in Indebtedness during the financial year</b>				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	NIL	NIL	NIL	NIL
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i + ii + iii)</b>	NIL	NIL	NIL	NIL

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable**

**B. Remuneration of other directors:**

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Raghunath Murti	Sanjay Jain	Sanjiv Kapoor	
1.	Independent Directors				
	• Fee for attending board/committee meetings	1.10	1.10	0.60	2.8
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>1.10</b>	<b>1.10</b>	<b>0.60</b>	<b>2.8</b>
2.	Other Non-Executive Directors	Nil	Nil	Nil	Nil
	• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total (B) = (1 + 2)</b>	<b>1.10</b>	<b>1.10</b>	<b>0.60</b>	<b>2.8</b>
	Total (A)	NA	NA	NA	NA
	Total Managerial Remuneration	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	NA	NA	NA	NA

**C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director: Not Applicable**



## 7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board,

**Sangeeta Prasad**  
Chairperson  
DIN : 02791944

Mumbai, 13<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA RESIDENTIAL DEVELOPERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements

give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 21 to the financial statements).
    - ii. The Company did not have material foreseeable losses on long-term contracts and the Company did not have any derivative contracts.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahindra Residential Developers Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm’s Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

### (Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) The Company does not have any fixed assets and hence reporting under clause (i) of the CARO 2016 is not applicable.
- (ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of lease deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, as applicable. In our opinion and according to the information and explanations given to us, the Company has not made any investments or given guarantees or securities during the year.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits outstanding at any time during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) The details of dues of Income Tax which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved	Amount Unpaid
				(₹ in lakh)	
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax – Appeals	AY 2012-13	393.42	122.19
			AY 2013-14	368.44	47.61

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government. The Company has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid/provided any managerial remuneration.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note	As at 31 <sup>st</sup> March, 2016 ₹ in lakh	As at 31 <sup>st</sup> March, 2015 ₹ in lakh
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital.....	3	26.00	26.00
Reserves and surplus.....	4	9,239.86	8,788.11
<b>Current Liabilities</b>			
Trade payables.....	5		
(i) Total outstanding dues to Micro Enterprises and Small Enterprises .....		186.10	162.06
(ii) Total outstanding dues to Creditors other than Micro Enterprises and Small Enterprises.....		1,823.07	2,159.59
Other current liabilities .....	6	1,989.06	2,146.14
Short-Term provisions.....	7	185.37	188.26
<b>Total</b> .....		<b>13,449.46</b>	<b>13,470.16</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Long term loans and advances.....	8	409.96	918.94
<b>Current Assets</b>			
Inventories .....	9	8,960.79	7,656.80
Trade receivables .....	10	311.46	406.49
Cash and cash equivalents .....	11	341.11	464.39
Short-Term loans and advances.....	12	2,109.52	2,801.61
Other current assets.....	13	1,316.62	1,221.93
<b>Total</b> .....		<b>13,449.46</b>	<b>13,470.16</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

<b>Sangeeta Prasad</b>	Chairperson	(DIN: 02791944)
<b>Raghunath Murti</b>	Director	(DIN: 00082761)
<b>Sanjay Jain</b>	Director	(DIN: 06446899)
<b>Sanjiv Kapoor</b>	Director	(DIN: 00004005)
<b>Jayant Manmadkar</b>	Non-Executive Non-Independent Director	(DIN: 03044559)

Place: Mumbai  
Date: 13<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note	For the year ended 31 <sup>st</sup> March, 2016 ₹ in lakh	For the year ended 31 <sup>st</sup> March, 2015 ₹ in lakh
<b>INCOME</b>			
Revenue from operations.....	14	<b>3,139.92</b>	6,418.79
Other income.....	15	<b>243.14</b>	350.45
		<b>3,383.06</b>	6,769.24
<b>EXPENDITURE</b>			
Projects costs.....	16	<b>3,520.74</b>	5,169.84
Changes in inventories.....	17	<b>(1,303.99)</b>	(837.32)
Finance costs.....	18	-	2.91
Other expenses.....	19	<b>599.88</b>	672.09
		<b>2,816.63</b>	5,007.52
<b>Profit before tax</b> .....		<b>566.43</b>	1,761.72
<b>Tax expense</b>			
Current tax.....		<b>114.68</b>	369.26
<b>Profit for the year</b> .....		<b>451.75</b>	1,392.46
<b>Earnings per Share (Basic/Diluted)</b> .....		<b>180.70</b>	-

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

<b>Sangeeta Prasad</b>	Chairperson	(DIN: 02791944)
<b>Raghunath Murti</b>	Director	(DIN: 00082761)
<b>Sanjay Jain</b>	Director	(DIN: 06446899)
<b>Sanjiv Kapoor</b>	Director	(DIN: 00004005)
<b>Jayant Manmadkar</b>	Non-Executive Non-Independent Director	(DIN: 03044559)

Place: Mumbai  
Date: 13<sup>th</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March, 2016 ₹ in lakh	For the year ended 31 <sup>st</sup> March, 2015 ₹ in lakh
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax .....	566.43	1,761.72
Adjustments for:		
Finance costs .....	-	2.91
Defect liability provision .....	6.19	77.47
Interest and dividend income .....	(206.14)	(294.29)
<b>Operating Profit before Working Capital Changes</b> .....	<b>366.48</b>	<b>1,547.81</b>
<b>Changes in Working Capital:</b>		
Adjustments for (Increase)/Decrease in operating assets:		
Inventories .....	(1,303.99)	(837.32)
Trade receivables .....	95.03	2,121.14
Long-Term loans and advances .....	550.00	(477.97)
Short-Term loans and advances and other current assets .....	(549.91)	408.06
Adjustments for Increase/(Decrease) in Operating Liabilities:		
Trade payables .....	(312.48)	(11.24)
Other current liabilities .....	(157.08)	(1,543.71)
Short term provisions .....	(9.08)	(2.23)
Cash (Used in)/Generated from Operations .....	(1,687.51)	(343.27)
Net income tax paid .....	(1,321.03)	1,204.54
<b>Net Cash generated from/(Used in) Operating Activities</b> .....	<b>(1,476.73)</b>	<b>775.21</b>
<b>B. Cash Flow from Investing Activities:</b>		
Intercorporate deposit given		
- Given .....	-	(800.00)
- Repaid .....	600.00	-
Term Loan:		
- Given .....	-	(100.00)
- Repaid .....	550.00	1,100.00
Investments in Mutual funds made .....	(503.00)	-
Mutual fund Investments redeemed .....	503.00	-
Bank balances not considered as Cash and Cash Equivalents		
- Redeemed .....	(113.75)	689.88
Interest and dividend received .....	203.45	300.29
<b>Net Cash generated from/(Used in) Investing Activities</b> .....	<b>1,239.70</b>	<b>1,190.17</b>
<b>C. Cash Flow from Financing Activities:</b>		
Repayment of term loan to HDFC Limited .....	-	(300.00)
Finance costs .....	-	(2.91)
Dividend and dividend tax paid .....	-	(1,871.92)
<b>Net Cash generated from/(Used in) Financing Activities</b> .....	<b>-</b>	<b>(2,174.83)</b>
<b>Net (Decrease) in Cash and Cash Equivalents (A+B+C)</b> .....	<b>(237.03)</b>	<b>(209.45)</b>
Cash and Cash equivalents at the beginning of the year .....	310.02	519.47
<b>Cash and Cash Equivalents at the End of the Year</b> .....	<b>72.99</b>	<b>310.02</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
Cash and Cash Equivalents as per Balance Sheet .....	341.11	464.39
<b>Less:</b> Bank balances not considered as Cash and Cash Equivalents .....	<b>268.12</b>	<b>154.37</b>
	<b>72.99</b>	<b>310.02</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

<b>Sangeeta Prasad</b>	Chairperson	(DIN: 02791944)
<b>Raghunath Murti</b>	Director	(DIN: 00082761)
<b>Sanjay Jain</b>	Director	(DIN: 06446899)
<b>Sanjiv Kapoor</b>	Director	(DIN: 00004005)
<b>Jayant Manmadkar</b>	Non-Executive Non-Independent Director	(DIN: 03044559)

Place: Mumbai  
Date: 13<sup>th</sup> April, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1. Corporate Information

The Company was incorporated on 1<sup>st</sup> February, 2008.

The Company is a Co-developer approved under Special Economic Zone Act, 2005, engaged in development of residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. Accordingly the Company is entitled to a 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

### 2. Significant Accounting Policies

#### a) Basis of accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

#### c) Inventories:

Inventories are valued at lower of cost and net realizable value.

The cost of construction materials is determined on the basis of the weighted average method.

Construction work in progress includes cost of land, construction costs and allocated interest and expenses attributable to the projects undertaken by the Company.

#### d) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### f) Revenue Recognition:

Income from development of residential infrastructure is recognized on the percentage of completion method which necessarily involves technical estimates of the percentage of completion of each contract, and costs to completion of the contract, on the basis of which profits/losses are accounted. Such estimates, made by the management and certified to the auditors have been relied upon by them, as these are of a technical nature.

The Company has adopted "The Guidance note for Accounting of Real Estate Transactions (Revised 2012)" applicable to all projects in real estate which have commenced on or after 1<sup>st</sup> April, 2012 and relating to projects where revenue is being recognized for the first time on or after 1<sup>st</sup> April, 2012.

Accordingly revenues are now recognized only when all the following conditions are met:

- All critical approvals necessary for commencement of the project have been obtained.
- Expenditure incurred on construction & development cost is not less than 25% of the estimated construction and development costs excluding land cost.
- At least 25% of the saleable project area is secured by contracts or agreements with buyers.
- At least 10% of the total revenue as per the agreements of lease are realised at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

#### g) Other income

Interest income is accounted on accrual basis.

#### h) Foreign currency transactions and translations

Foreign exchange transactions are recorded at exchange rates prevailing on the date of the transactions. The exchange gain/loss arising on settlement of such transactions is adjusted to the profit and loss account.

Monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing at the Balance sheet date and gain or loss arising out of such translation is adjusted to the Statement of Profit and Loss.

#### i) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

#### j) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.



## NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### k) Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

### l) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credit.

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹ in lakh	₹ in lakh
<b>3. Share Capital</b>		
<b>Authorized</b>		
450,000 Equity Shares of ₹ 10 each.....	45.00	45.00
50,000 Preference Shares of ₹ 10 each...	5.00	5.00
	50.00	50.00
<b>Issued, Subscribed and Paid up</b>		
250,000 Equity Shares of ₹ 10 each....	25.00	25.00
10,000 Tranche I Preference shares of ₹ 10 each.....	1.00	1.00
	26.00	26.00

### 3a. Rights, preferences and restrictions attached to shares/warrants

**Equity Shares:** The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Every shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

**Preference Shares:** The Company has one class of preference shares having a par value of ₹ 10 per share, redeemable upon payment of dividend of ₹ 2,324.50 Lacs and at the option of the Preference shareholder. The preference dividend has been fully paid as on March 31, 2015. The preference shareholder has not exercised the option for redemption as on the Balance sheet date. Preference shareholder carries all rights including rights to distribution of the Company, other than voting rights.

### 3b. There is no change in the number of shares and amount outstanding during the current year.

### 3c. Details of shares held by Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at		As at	
	31 <sup>st</sup> March, 2016		31 <sup>st</sup> March, 2015	
	No of Shares	Percentage of Holding	No of Shares	Percentage of Holding
<b>Equity Shares</b>				
Mahindra Integrated Township Limited, Holding Company	2,50,000	100%	2,50,000	100%
<b>Preference Shares</b>				
Mahindra Integrated Township Limited, Holding Company	10,000	100%	10,000	100%

Particulars	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹ in lakh	₹ in lakh
<b>4. Reserves and Surplus</b>		
Securities Premium Account.....	5,435.33	5,435.33
<b>Surplus in Statement of Profit &amp; Loss</b>		
Balance at the beginning of the year.....	3,352.78	3,832.24
<b>Add: Profit for the Year.....</b>	<b>451.75</b>	<b>1,392.46</b>
<b>Less: Appropriations:</b>		
Interim dividend on preference shares.....	-	1,324.50
Interim dividend on equity shares....	-	275.50
Tax on interim dividend.....	-	271.92
Balance at the end of the year ...	<b>3,804.53</b>	<b>3,352.78</b>
	<b>9,239.86</b>	<b>8,788.11</b>
<b>5. Trade Payables</b>		
Trade Payables		
- Related parties - deputation charges & office establishment (Refer Note 23).....	470.42	224.63
- Others.....	902.58	1,096.04
Retention money.....	636.17	1,000.98
	<b>2,009.17</b>	<b>2,321.65</b>
<b>6. Other Current Liabilities</b>		
Withholding taxes payable.....	19.87	26.58
Income received in advance.....	-	435.16
Advance from customers.....	62.93	208.68
Other liabilities.....	1,640.10	1,299.16
Deposits from customers *.....	266.16	176.56
	<b>1,989.06</b>	<b>2,146.14</b>
<b>7. Short Term Provisions</b>		
Defect liabilities.....	185.37	188.26
	<b>185.37</b>	<b>188.26</b>
<b>8. Long Term Loans and Advances (Unsecured, considered good)</b>		
Operation & maintenance deposits - with related party (Refer Note 23) ....	23.07	23.07
12% Unsecured loan given to related party (Refer Note 23).....	-	550.00
Security deposits.....	0.77	0.77
Advance payment of tax (Net).....	386.12	345.10
	<b>409.96</b>	<b>918.94</b>

\* Note 6.1 - Amounts collected from Customers towards Corpus fund and advance towards water/electricity charges, transferable to Home owners' Association upon formation.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	As at	As at	Particulars	For the	For the
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹ in lakh	₹ in lakh		₹ in lakh	₹ in lakh
<b>9. Inventories</b>			<b>15. Other Income</b>		
Construction work in progress (Including Leasehold Land) .....	2,606.00	5,188.36	Interest on:		
Construction materials.....	615.66	364.61	– Deposits with banks.....	5.62	57.67
Finished units.....	5,739.13	2,103.83	– Intercompany deposits with related party (Refer Note 23).....	195.95	236.53
	<u>8,960.79</u>	<u>7,656.80</u>	Dividend from mutual funds.....	3.98	0.09
			Profit on redemption of mutual fund investment.....	0.59	–
<b>10. Trade Receivables (Unsecured, considered good)</b>			Interest from customers .....	2.67	–
Trade receivables outstanding for more than six months from the date they were due for payment.....	66.41	56.34	Scrap sale .....	5.82	15.84
Other trade receivables.....	245.05	350.15	Other income - sale of materials.....	–	15.18
	<u>311.46</u>	<u>406.49</u>	Cancellation/Transfer income.....	28.51	25.14
				<u>243.14</u>	<u>350.45</u>
<b>11. Cash and Bank Balances</b>			<b>16. Project Costs</b>		
Cash on hand.....	0.01	0.01	Land and construction costs.....	3,167.28	4,634.03
Balances with banks			Architect fees .....	14.32	57.77
– on Current accounts.....	72.98	210.01	Project management fees .....	109.87	214.24
– on Deposit accounts (Maturing within 3 months).....	–	100.00	Other expenses.....	229.27	263.80
– on Earmarked deposit accounts/ Current account*.....	268.12	154.37		<u>3,520.74</u>	<u>5,169.84</u>
	<u>341.11</u>	<u>464.39</u>	<b>17. Changes in Inventories</b>		
			Inventories at the end of the year:		
<b>12. Short Term Loans and Advances (Unsecured, considered good unless stated otherwise)</b>			Construction materials.....	615.66	364.61
Mobilisation advances - secured by bank guarantee from vendors.....	110.72	310.66	Work-in-progress.....	2,606.00	5,188.36
Supplier advances .....	180.19	276.32	Finished units.....	5,739.13	2,103.83
Service tax input credit.....	671.81	511.83		<u>8,960.79</u>	<u>7,656.80</u>
Expenses recoverable from holding company .....	44.00	–	Inventories at the beginning of the year:		
Security deposits .....	2.80	2.80	Construction materials.....	364.61	1,193.80
Inter corporate deposits to related party (Refer Note 23).....	1,100.00	1,700.00	Work-in-progress.....	5,188.36	3,744.86
	<u>2,109.52</u>	<u>2,801.61</u>	Finished Units .....	2,103.83	1,880.82
				<u>7,656.80</u>	<u>6,819.48</u>
<b>13. Other Current Assets</b>			<b>Net (increase)/decrease.....</b>	<u>(1,303.99)</u>	<u>(837.32)</u>
Interest accrued on intercompany deposits to related party (Refer Note 23) .....	3.03	–	<b>18. Finance Costs</b>		
Interest accrued on deposits with banks.....	–	0.34	Interest on term loan .....	–	2.59
Unbilled revenue.....	1,313.59	1,221.59	Interest on delayed payment of service tax .....	–	0.32
	<u>1,316.62</u>	<u>1,221.93</u>		<u>–</u>	<u>2.91</u>
			<b>19. Other Expenses</b>		
	<b>For the</b>	<b>For the</b>	Legal & professional fees.....	30.70	9.88
	<b>year ended</b>	<b>year ended</b>	Deputation charges .....	135.18	156.00
	<b>31<sup>st</sup> March, 2016</b>	<b>31<sup>st</sup> March, 2015</b>	Auditors remuneration		
	<b>₹ in lakh</b>	<b>₹ in lakh</b>	– Audit fees .....	5.75	5.50
<b>14. Revenue from Operations</b>			– Other services .....	2.90	1.90
Income from projects .....	3,139.92	6,418.79	– Reimbursement of expenses/ levies.....	0.02	0.02
	<u>3,139.92</u>	<u>6,418.79</u>	Rates and taxes .....	0.79	0.61
			Repairs and maintenance * .....	0.49	47.63
			Advertisement, marketing and business development .....	229.96	174.75
			Brokerage.....	15.42	24.73
			Travelling & conveyance .....	3.86	2.20
			Office establishment.....	102.16	124.80
			Expenditure on Corporate Social Responsibility.....	46.72	44.06
			Provision for defect liability (Refer Note 26) .....	6.19	77.47
			Miscellaneous expenses .....	19.74	2.54
				<u>599.88</u>	<u>672.09</u>

\* March 2015 includes ₹ 47.42 lacs incurred towards maintenance of completed residential units

**NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March, 2016 ₹ in lakh	For the year ended 31 <sup>st</sup> March, 2015 ₹ in lakh
<b>20. Expenditure in Foreign Currency:</b>		
Travel .....	3.21	0.44
Exhibition and Participation Charges.....	5.95	3.93
Professional Services .....	5.00	-
	<b>14.16</b>	<b>4.37</b>

**21. Contingent Liability:**

Disputed Income Tax Demands under appeal.....	270.03	121.05
--	--------	--------

Note: The Company does not have any other pending litigations which would impact its financial position as on 31<sup>st</sup> March, 2016.

- 22.** (i) The Company did not have material foreseeable losses on long term contracts.  
 (ii) The Company did not enter into any derivative contracts during the year.  
 (iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

**23. Related party transactions:**
**a) Names of related parties and nature of relationship where control exists:**

Ultimate Parent Company	Mahindra & Mahindra Limited
Parent of the Holding Company	Mahindra Lifespace Developers Limited
Holding Company	Mahindra Integrated Township Limited

Fellow Subsidiary (including Sub-subsidiaries) with whom transactions have been entered during the year

- Mahindra World City Developers Limited (MWCDL)
- Mahindra Holidays & Resorts India Limited (MHRIL)
- EPC Mahindra Industries Limited (EPCMIL)

Note: Related Parties are as identified by the Management and relied upon by the auditors.

The related party transactions are as under:

Nature of transaction	Ultimate Holding Company	Parent of the Holding Company	₹ in lakh	
			Holding Company	Fellow Subsidiary
Interest Income			159.60	
- MWCDL			(156.13)	36.35
				(80.40)
Sale of Materials			-	
			(15.18)	
Marketing Expenses Claimed			44.00	
			(-)	
Purchase of Materials/Services	10.45			
- MHRIL	(27.22)			-
- EPCMIL				(1.00)
				4.90
				(-)
Deputation Charges		296.91		
		(324.00)		
Office establishment		45.25	68.92	
		(124.80)	(-)	
Maintenance Charges				66.71
- MWCDL				(133.13)

Nature of transaction	Ultimate Holding Company	Parent of the Holding Company	₹ in lakh	
			Holding Company	Fellow Subsidiary
Inter Corporate Deposit (ICD) given			-	
			(800.00)	
ICD recovered			600.00	
			(-)	
Long Term Loans Given				-
- MWCDL				(100.00)
Long Term Loans Refunded by				550.00
- MWCDL (ICD converted to loan)				(1100.00)
Dividend Paid				-
- Preference Dividend			(1324.50)	
- Equity Dividend			-	
			(275.50)	
<b>Balances at year end:</b>				
<b>Receivables:</b>				
Deposits				23.07
- MWCDL				(23.07)
Other receivables			44.00	
			(-)	
Interest on ICD			3.03	
			(-)	
Inter Corporate Deposit			1,100.00	
			(1,700.00)	
Long Term Loans				-
- MWCDL				(550.00)
<b>Payables:</b>	0.18	470.24		
	(3.72)	(220.91)		
- EPCMIL				4.80
				(-)

Figures in brackets are in respect of the previous year.

**24. Earnings per share: (in ₹ lakh unless otherwise stated):**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹ in lakh	For the year ended 31 <sup>st</sup> March, 2015 ₹ in lakh
	Profit after Tax .....	451.75
<b>Less:</b> Preference dividend and tax payable thereon (Refer Note 24.1).....	-	1,392.46
Profit available to equity shareholders .....	451.75	-
Number of equity shares (Nos.) .....	250,000	250,000
Earnings Per Share (₹) .....	<b>180.70</b>	-

24.1 Since profits for equity shareholders would be available only after payment of dividends to preference shareholders which was fully paid by March 31, 2015, EPS is ₹ NIL for the previous year.

**25. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

Sr. No.	Particulars	₹ in lakh	
		2015-16	2014-15
1.	Principal amount remaining unpaid to any supplier as at the end of the accounting year	186.10	162.06
2.	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Sr. No.	Particulars	₹ in lakh	
		2015-16	2014-15
3.	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
4.	The amount of interest due and payable for the year	-	-
5.	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
6.	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**25. Provisions:**

The Company has made provision for defect liability obligations based on an estimates, details of which are given below:

₹ in lakh			
As at 1 <sup>st</sup> April, 2015	Additions	Utilization	As at 31 <sup>st</sup> March, 2016*
188.26 (113.02)	6.19 (77.47)	9.08 (2.23)	185.37 (188.26)

\* Expected to be incurred within a year. Figures in brackets relate to previous year.

- 26.** The Company has obtained Co-developer status under Special Economic Zone Act 2005 which entitles the Company to 100% deduction of its SEZ income under the Income Tax Act, 1961 up to Assessment year 2019-20. However provision of Minimum Alternate Tax is applicable and current tax expense has been computed under these provisions.
- 27.** The Company operates in a single segment, namely development of residential infrastructure.
- 28.** Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's classification/disclosure.

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

<b>Sangeeta Prasad</b>	Chairperson	(DIN: 02791944)
<b>Raghunath Murti</b>	Director	(DIN: 00082761)
<b>Sanjay Jain</b>	Director	(DIN: 06446899)
<b>Sanjiv Kapoor</b>	Director	(DIN: 00004005)
<b>Jayant Manmadkar</b>	Non-Executive Non-Independent Director	(DIN: 03044559)

Place: Mumbai  
Date: 13<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their twenty-third Report along with the Audited Financial Statement of your Company for Financial Year ended 31<sup>st</sup> March, 2016.

### Financial Highlights and State of Company's Affairs

Particulars	(Rs. in Lakhs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income	2,672.71	2,795.94
Profit before Depreciation and Taxation	343.41	319.11
Less: Depreciation	11.01	11.69
Profit/(Loss) before exceptional item and tax	332.40	307.42
Exceptional Item - Profit on Sale of Fixed asset (Net)	-	-
Profit/(Loss) before Tax	332.40	307.42
Less: Income Tax thereon:		
Current Tax	115.00	108.05
Deferred Tax	(4.36)	(7.57)
Net Profit	221.76	206.94
Balance of Profit brought forward from last year	589.15	470.89
Less: Depreciation on transition on tangible fixed assets	-	5.73
Add: Proposed Dividend pertain to shares bought back	5.12	-
Less: Transfer to General Reserve	(22.18)	(20.69)
Proposed Dividend	(48.76)	(51.73)
Tax on Proposed Dividend	(9.93)	(10.53)
Balance of Profit carried forward	735.16	589.15
Net Worth	1,255.27	1,187.51

No material changes and commitments have occurred after the closure of the Financial Year 2015-2016 till the date of this Report, which would affect the financial position of your Company.

### Operations

During the year under review, your Company consolidated its presence in Engineering, Project Advisory and Infrastructure Consulting sector and registered high growth in several areas of operation. Your Company's income for the year was Rs. 2,672.71 lakhs as compared to Rs. 2,795.94 lakhs in the previous year. The Company has registered profit before taxation of Rs. 332.40 lakhs as compared to Rs. 307.42 lakhs for the previous year representing an increase of 8.13%.

During the year, your Company has bagged several prestigious and first of its kind assignments. Your Company has further strengthened its position in the field of agri and food infrastructure, urban infrastructure, rural infrastructure, social infrastructure, industrial infrastructure, sustainability studies, institutional strategies/planning studies, etc.

Your Company has consolidated its presence in the African market in the field of agri and food infrastructure, rural infrastructure and provided advisory services for inclusive and sustainable industrial development.

Your Company has received repeat orders from its existing clientele which affirm the goodwill of the Company. This would also serve as a base for the Company's sustained growth in the future. The Company has also evolved on several innovative and sustainability ideas in its projects and is augmenting its efforts to consolidate its position as a front-runner in innovative projects. Your Company continues to receive orders from prestigious clients in different sectors indicating its versatile capability of providing consultancy services for multi-disciplinary projects.

### Subsidiary Company

Your Company as part of its strategic initiative, has acquired in March, 2016, 100% stake in Mahindra Namaste Limited (formerly known Mahindra Namaste Private Limited) by purchasing the entire equity share capital from Mahindra Holdings Limited. Pursuant to the said purchase, Mahindra Namaste Limited (Formerly known Mahindra Namaste Private Limited) has become the wholly owned subsidiary of your Company with effect from 31<sup>st</sup> March, 2016. The revenue of Mahindra Namaste Limited as on 31<sup>st</sup> March, 2016 was Rs. 186.65 lakhs and the loss for the year was Rs. 225.74 lakhs.

### Consolidated Financial Statement

The consolidated Financial Statements of the Company and its subsidiary have been prepared in accordance with the

companies Act, 2013 and applicable accounting standards and Form part of this Annual Report. A Report on the performance and financial position of the subsidiary company included in the Consolidated Financial Statement is provided in Form AOC-1 as **Annexure I** and forms part of this Annual Report.

### Share Capital

The Authorised Share Capital of your Company as on 31<sup>st</sup> March, 2016 stood at Rs. 4,00,00,000 divided into 40,00,000 equity shares of Rs. 10 each.

During the year, your company bought back 1,74,660 equity shares of Rs. 10/- each from Mahindra Consulting Engineers Employees' Stock Option Trust, constituting upto 10% of its total fully paid up equity capital and free reserves of the company, at a price of Rs. 57.50 per equity share. Pursuant to the same the issued and paid up share capital of your company stood at Rs. 1,95,05,900 comprising of 19,50,590 Equity Shares of the face value of Rs. 10/- each.

### Dividend

Your Directors are pleased to recommend a dividend of Rs. 2.50 per share on 19,50,590 fully paid-up equity shares of Rs. 10/- each aggregating to Rs. 48.76 lakhs, payable to those shareholders whose names appear in the Register of Members as on the Book Closure Date. The equity Dividend outgo would be Rs. 48.76 lakhs and dividend Distribution Tax would be Rs. 9.93 lakhs aggregating a total outflow of Rs. 58.69 lakhs for the Financial Year 2015-2016.

### Board of Directors

Mr. Parag Shah (DIN: 00374944) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

### Number of the Meetings of the Board of Directors

Your Board of Directors met five times during the year under review on 28<sup>th</sup> April, 2015, 25<sup>th</sup> August, 2015, 15<sup>th</sup> December, 2015, 27<sup>th</sup> January, 2016 and 23<sup>rd</sup> March, 2016. The 22<sup>nd</sup> Annual General Meeting (AGM) of the Company was held on 29<sup>th</sup> September, 2015.

The attendance at the meetings of the Board was as under:-

Name of Directors	Directors' Identification Number	Category	Number of meetings attended out of 5 meetings
Mr. S. Venkatraman	00077193	Non-Executive Non-Independent	4
Mr. Parag Shah	00374944	Non-Executive Non-Independent	5
Mr. Balakrishnan Suresh	01479827	Managing Director	5

### Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been 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;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members affirming compliance with Code of Conduct for Directors and Senior Management Employees.

### Key Managerial Personnel

Mr. B. Suresh, Managing Director has been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### Remuneration/Compensation Committee

The provisions of Section 178 of the Companies Act, 2013 are not applicable to your Company, however your Company has voluntarily constituted the Remuneration/Compensation Committee, which comprises of:

Mr. Parag Shah  
Mr. S. Venkatraman

The Committee met twice during the year under review on 28<sup>th</sup> April, 2015 and 25<sup>th</sup> August, 2015, which were attended by both the Committee members.

### Statutory Auditors and Auditors' Report

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 008072S) were appointed as the statutory auditors of the Company to hold office from the conclusion of the 21<sup>st</sup> Annual General Meeting until the conclusion of 26<sup>th</sup> Annual General Meeting.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs. Deloitte Haskins & Sells, Chartered Accountants, to their appointment and a certificate to the effect that ratification of their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The members are requested to ratify the appointment of statutory auditors of the Company at the ensuing Annual General Meeting and fix their remuneration. The Auditors' Report does not contain any qualification, reservation or adverse remark.

#### **Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act 2013.

#### **Risk Management Policy**

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as **Annexure II** to this Report.

#### **Disclosure of Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Being unlisted company, provisions of Rule 5 of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

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

Although provisions of CSR under Section 135 of the Companies Act, 2013 are not applicable to the Company, your Company has actively promoted academia industry partnership with various reputed universities and educational institutions like conceiving appropriate course curriculum, providing internship to students, guest lectures, guidance and supervisory support for undergraduate and post graduate project work and thesis, assistance in developing ecofriendly campus, etc.

#### **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 and Deposit under Chapter V of the Companies Act, 2013**

Particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient

of the loan or guarantee or security are provided in Note No. 9 and Note No. 15 to the Standalone Financial Statements.

Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent Company, Mahindra and Mahindra Limited.

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

#### **Internal Financial Controls**

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

#### **Contracts or Arrangements with Related Parties**

All Related Party Transactions entered during the year were in the ordinary course of business and on Arm's length basis. Particulars of contracts or arrangements with related parties referred to in sub section 1 of Section 188 are given in the prescribed form AOC – 2 as **Annexure III** and the same forms part of this Report.

#### **Extract of Annual Return**

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31<sup>st</sup> March, 2016 in Form No. MGT. 9 is attached herewith as **Annexure IV** and forms part of this report.

#### **Employee Stock Option Scheme**

During the year under review, there were no Stock Options granted to the employees under the Mahindra Consulting Engineers Employees' Stock Options Scheme. Details of the shares issued under the said scheme, as also the disclosure in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are set out in **Annexure V** to this Report.

#### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

During the year under review no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **General**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.

2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3(c) of the Companies Act, 2013).

#### **Acknowledgements**

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

**For and on behalf of the Board**

**Balakrishnan Suresh**  
Managing Director  
(DIN: 01479827)

**Parag Shah**  
Director  
(DIN: 00374944)

Mumbai, 27<sup>th</sup> April, 2016



**ANNEXURE I TO THE DIRECTORS' REPORT**

FORM NO. AOC-1

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures  
(Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	Name of the subsidiary	Mahindra Namaste Limited (Formerly known as Mahindra Namaste Private Limited)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4.	Share capital	Rs. 9,01,00,000
5.	Reserves & surplus	Rs. (8,94,57,297)
6.	Total assets	Rs. 22,44,202
7.	Total Liabilities	Rs. 16,01,499
8.	Investments	NIL
9.	Turnover	Rs. 1,79,41,433
10.	Profit before taxation	Rs. (2,25,74,495)
11.	Provision for taxation	NIL
12.	Profit after taxation	Rs. (2,25,74,495)
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: N.A.
- Names of subsidiaries which have been liquidated or sold during the year: N.A.

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures –  
Not Applicable**

For and on behalf of the Board

**Balakrishnan Suresh**  
Managing Director  
(DIN: 01479827)

**Parag Shah**  
Director  
(DIN: 00374944)

Mumbai, 27<sup>th</sup> April, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

**SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2016**

#### A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy:

The Company has adopted sustainability concepts in its operations and being in Engineering, Project Advisory and Infrastructure Consulting sector, the Company has taken steps to implement sustainability initiatives in its assignment like water conservation, rainwater harvesting, zero discharge, water recycling, 3-R concepts, scientific management of waste disposal, renewable energy technologies, waste minimization and management concepts. The Company has also taken active measures in promoting sustainability concepts, through conducting awareness campaign program, academia industry initiatives, guest lectures, etc. The Company is actively involved in National/International seminars/committees on water, environment, green marketing, sustainable infrastructure development, etc.

(b) The steps taken by the company for utilizing alternate sources of energy: None

(c) The capital investment on energy conservation equipments: Nil

#### B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption: None

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not applicable

(a) The details of technology imported: Not applicable

(b) The year of import: None

(c) Whether the technology has been fully absorbed: Not applicable

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable

iv) The expenditure incurred on Research and Development: Nil

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

Particulars	(Rupees in Lakhs)	
	For the Financial Year ended 31 <sup>st</sup> March, 2016	For the Financial Year ended 31 <sup>st</sup> March, 2015
Total Foreign Exchange Earned	244.36	747.35
Total Foreign Exchange Used	56.01	90.27

**For and on behalf of the Board**

**Balakrishnan Suresh**  
Managing Director  
(DIN: 01479827)

**Parag Shah**  
Director  
(DIN: 00374944)

Mumbai, 27<sup>th</sup> April, 2016

**ANNEXURE III TO THE DIRECTORS' REPORT****FORM NO. AOC-2**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

**(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL

2. Details of contracts or arrangements or transactions at Arm's length basis: #

<b>Sr. No.</b>	<b>Particulars</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
a)	Name (s) of the related party & nature of relationship	Mahindra World City Developers Ltd.- Fellow subsidiary	Mahindra Industrial Park Chennai Ltd.- Fellow subsidiary	Mahindra Holidays And Resorts Ltd.- Fellow subsidiary	Mahindra Susten Private Ltd. Fellow subsidiary
b)	Nature of contracts/ arrangements/ transaction	Professional services rendered	Professional services rendered	Professional services rendered	Professional services rendered
c)	Duration of the contracts/ arrangements/transaction	One year	One year	Six months	One year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Contract value - Rs. 48.13 Lakhs	Contract value - Rs. 45.30 Lakhs	Contract value - Rs. 7.20 Lakhs	Contract value - Rs. 112.50 Lakhs
e)	Date of approval by the Board, if any	N.A.	N.A.	N.A.	N.A.
f)	Amount paid as advances, if any	Nil	Nil	Nil	Nil

# Pursuant to notification dated 14<sup>th</sup> August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E)).

**For and on behalf of the Board**

**Bal Krishnan Suresh**  
Managing Director  
(DIN: 01479827)

**Parag Shah**  
Director  
(DIN: 00374944)

Mumbai, 27<sup>th</sup> April, 2016

**ANNEXURE IV TO THE DIRECTORS' REPORT**

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31<sup>st</sup> March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

1.	<b>CIN</b>	U74210MH1993PLC074723
2.	<b>Registration Date</b>	26 <sup>th</sup> October, 1993
3.	<b>Name of the Company</b>	MAHINDRA CONSULTING ENGINEERS LIMITED
4.	<b>Category/Sub-Category of the Company</b>	Public Limited Company
5.	<b>Address of Registered office and contact details</b>	Gateway Building, Apollo Bunder Mumbai 400 001. Tel : 022-24905828
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Sharepro Services (India) Private Limited, 13AB Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Andheri (E), Mumbai 400 072, Tel: 022-67720300

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	Engineering Advisory Services	99833100	87.56%
2	Project Management Services	99833300	12.44%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	59.01%	2(46)
2.	Mahindra Namaste Limited (Formerly known as Mahindra Namaste Private Limited) Mahindra Towers P. K. Kurne Chowk, Mumbai - 400018	U80302MH2010PLC198303	Subsidiary Company	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF									
b. Central Govt.									
c. State Govt.									
d. Bodies Corporate	11,50,993	7	11,51,000	54.16%	11,50,993	7	11,51,000	59.01%	4.85

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Bank/FI									
f. Any Other (Mahindra Consulting Engineers Employees' Stock Option Trust)	1,14,792	6,55,250	7,70,042	36.23%	1,14,792	4,80,590	5,95,382	30.52%	(5.71)
<b>Sub-Total-A (1)</b>	<b>12,65,785</b>	<b>6,55,257</b>	<b>19,21,042</b>	<b>90.39%</b>	<b>12,65,785</b>	<b>4,80,597</b>	<b>17,46,382</b>	<b>89.53%</b>	<b>(0.86)</b>
<b>2. Foreign</b>									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total-A (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Share Holding of Promoters (1+2)</b>	<b>12,65,785</b>	<b>6,55,257</b>	<b>19,21,042</b>	<b>90.39%</b>	<b>12,65,785</b>	<b>4,80,597</b>	<b>17,46,382</b>	<b>89.53%</b>	<b>(0.86)</b>
<b>B. Public Shareholding</b>									
<b>1. Institution</b>									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total-(B)(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Non-Institution</b>									
a. Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b. Individual									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	46,708	–	46,708	2.20%	46,708	–	46,708	2.39%	0.19
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	1,57,500	–	1,57,500	7.41%	1,57,500	–	1,57,500	8.07%	0.66
c. Others, specify									
<b>Sub-Total-(B)(2)</b>	–	–	–	–	–	–	–	–	–
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	–	–	–	–	–	–	–	–	–
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	<b>14,69,993</b>	<b>6,55,257</b>	<b>21,25,250</b>	<b>100%</b>	<b>14,69,993</b>	<b>4,80,597</b>	<b>19,50,590</b>	<b>100%</b>	–

**ii. Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	11,50,993	54.16%	–	11,50,993	59.01%	–	4.85
2.	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi*	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda*	1	–	–	1	–	–	–
4.	Mahindra & Mahindra Limited jointly with Mr. Anand G. Mahindra*	1	–	–	1	–	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. M. A. Nazareth*	1	–	–	1	–	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. Ulhas Yargop*	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Limited jointly with Mr. U. Y. Phadke*	1	–	–	1	–	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
8.	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar*	1	-	-	1	-	-	-
9.	Mahindra Consulting Engineers Employees' Stock Option Trust	7,70,042	36.23%	-	5,95,382	30.52%	-	(5.71)
	<b>Total</b>	<b>19,21,042</b>	<b>90.39%</b>	<b>-</b>	<b>17,46,382</b>	<b>89.53%</b>	<b>-</b>	<b>(0.86)</b>

\* Jointly held with Mahindra & Mahindra Limited for the purpose of compliance with statutory provisions of Companies Act with regard to minimum number of members.

### iii. Change in Promoters' Shareholding:

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Mahindra &amp; Mahindra Limited alongwith Joint holders</b>				
At the beginning of the year	11,51,000	54.16%	-	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	No change			
At the end of the year (or on the date of separation, if separated during the year)	-	-	11,51,000	## 59.01%
<b>Mahindra Consulting Engineers Employees' Stock Option Trust</b>				
At the beginning of the year	7,70,042	36.23%	-	-
Decrease:- On 14 <sup>th</sup> July, 2015 on buy – back of shares of the Company	(1,74,660)	-	5,95,382	30.52%
At the End of the year	-	-	5,95,382	30.52%

## There is percentage change in the cumulative shareholding of the promoters of the Company, due to buy back of 1,74,660 shares by the Company on 14<sup>th</sup> July, 2015.

### iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
<b>1</b>	<b>Mr. A. K. Nanda</b>				
	At the beginning of the year	60,000	2.82%	-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	No change			
	At the end of the year (or on the date of separation, if separated during the year)	-	-	60,000	^ 3.08%
<b>2</b>	<b>Mr. Narayanan CS</b>				
	At the beginning of the year	22,500	1.06%	-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	No change			

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
	At the end of the year (or on the date of separation, if separated during the year)	–	–	22,500	^ 1.15%
<b>3</b>	<b>Mr. Srinivasan A</b>				
	At the beginning of the year	8,088	0.38%	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	No change			
	At the end of the year (or on the date of separation, if separated during the year)	–	–	8,088	^ 0.41%
<b>4</b>	<b>Mr. Balaji S.</b>				
	At the beginning of the year	8,055	0.38%	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	No change			
	At the end of the year (or on the date of separation, if separated during the year)	–	–	8,055	^ 0.41%
<b>5</b>	<b>Mr. Anjanikumar Choudhari</b>				
	At the beginning of the year	5,000	0.24%	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	No change			
	At the end of the year (or on the date of separation, if separated during the year)	–	–	5,000	^ 0.26%
<b>6</b>	<b>Mr. Bharat Doshi</b>				
	At the beginning of the year	5,000	0.24%	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	No change			
	At the end of the year (or on the date of separation, if separated during the year)	–	–	5,000	^ 0.26%
<b>7</b>	<b>Mr. Ulhas Yargop</b>				
	At the beginning of the year	3,750	0.18%	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	No change			
	At the end of the year (or on the date of separation, if separated during the year)	–	–	3,750	^ 0.19%
<b>8</b>	<b>Mr. Rajeev Dubey</b>				
	At the beginning of the year	3,750	0.18%	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	No change			
	At the end of the year (or on the date of separation, if separated during the year)	–	–	3,750	^ 0.19%
<b>9</b>	<b>Ms. Vijaya R</b>				
	At the beginning of the year	2,250	0.11%	–	–



Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	At the end of the year (or on the date of separation, if separated during the year)	–	–	2,250	^0.12%
<b>10</b>	<b>Ms. Sreedevi K</b>				
	At the beginning of the year	2,074	0.10%	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	At the end of the year (or on the date of separation, if separated during the year)	–	–	2,074	^0.11%

^ There is percentage change in the cumulative shareholding of the top ten shareholders of the Company, due to buy back of 1,74,660 shares by the Company on 14<sup>th</sup> July, 2015.

#### v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
<b>1</b>	<b>Mr. Balakrishnan Suresh</b>				
	At the beginning of the year	75,000	3.53%	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	At the end of the year	–	–	75,000	** 3.84%

\*\* There is percentage change in the cumulative shareholding of the KMP of the Company, due to buy back of 1,74,660 shares by the Company on 14<sup>th</sup> July, 2015.

#### V. INDEBTEDNESS

##### Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2015</b>				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
<b>Total of (1+2+3)</b>	–	–	–	–
<b>Change in Indebtedness during the financial year</b>				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–

(Rs. in Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the end of the financial year 31.03.2016</b>				
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	-	-	-	-

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

(Rs. in Lacs)

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Balakrishnan Suresh - MD	
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	42.76	42.76
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	87.91	87.91
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission – As % of Profit – Others, specify	-	-
5.	Others, please specify – Performance pay	36.50	36.50
	<b>Total (A)</b>		<b>167.17</b>
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

**B. Remuneration of other directors:**

**I. Independent Directors :-**

(Rs. in Lacs)

Particulars of Remuneration	Name of Directors						Total Amount
Fee for attending board/committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total (I)</b>	-	-	-	-	-	-	-

**II. Other Non-Executive Directors :-**

(Rs. in Lacs)

Other Non-Executive Directors	Mr. S. Venkatraman	Total Amount
Fee for attending board/committee meetings	0.40	0.40
Commission	-	-
Others	-	-
<b>Total (II)</b>	0.40	0.40
<b>Total B = (I+II)</b>	0.40	0.40
<b>Total Managerial Remuneration (A+B)</b>		<b>167.57</b>
Overall Ceiling as per the Act		-

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:- Nil**

(Rs. in Lacs)

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
	(b) Value of perquisites us 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission – As % of Profit – Others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (C)</b>	-	-	-

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES – Nil**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

**Balakrishnan Suresh**  
Managing Director  
(DIN: 01479827)

**Parag Shah**  
Director  
(DIN: 00374944)

Mumbai, 27<sup>th</sup> April, 2016

## ANNEXURE V TO THE DIRECTORS' REPORT

### Disclosure in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014

- a) Options granted: Nil during the current year.
- b) Options vested: Nil Shares
- c) Options exercised: 2,11,708 shares
- d) The total number of shares arising as a result of exercise of option: 2,11,708 shares
- e) Options lapsed: Nil
- f) The exercise price: Rs. 10 per option/share
- g) Variation of terms of options: Nil
- h) Money realized by exercise of options: Not Applicable
- i) Total number of options in force: 77,235 shares
- j) Employee wise details of options granted to: No grant during the current year
  - i. Key Managerial Personnel: Nil
  - ii. any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year: Nil
  - iii. identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: Nil

**For and on behalf of the Board**

**Balakrishnan Suresh**  
Managing Director  
(DIN: 01479827)

**Parag Shah**  
Director  
(DIN: 00374944)

Mumbai, 27<sup>th</sup> April, 2016

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA CONSULTING ENGINEERS LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Mahindra Consulting Engineers Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial statements which would impact its financial position.
  - ii. The Company did not have material foreseeable losses on long term contracts and there were no derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**  
*Chartered Accountants*  
(Firm's Registration No. 008072S)

**Geetha Suryanarayanan**  
*Partner*  
(Membership No. 29519)

*Place : Chennai*  
*Date : 27<sup>th</sup> April, 2016*

## Report on Internal Financial Controls Over Financial Reporting

### ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

#### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahindra Consulting Engineers Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm’s Registration No. 008072S)

**Geetha Suryanarayanan**  
Partner  
(Membership No. 29519)

Place : Chennai  
Date : 27<sup>th</sup> April, 2016

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.  
The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans or provide guarantees and hence Compliance of Section 185 is not applicable. However the Company has complied with the provisions of Section 186 of the Companies Act, 2013, in respect of investment made in subsidiary Company during the year.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits anytime during the year.
- (vi) Having regard to the nature of the Company’s business/ activities, reporting under clause (vi) of the CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax which has not been deposited as on 31<sup>st</sup> March, 2016, on account of disputes is given below:
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to Which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act	Income tax	Income Tax Appellate Tribunal	AY 1997-98	2,628,231	2,628,231

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm’s Registration No. 008072S)

**Geetha Suryanarayanan**  
Partner  
(Membership No. 29519)

Place : Chennai  
Date : 27<sup>th</sup> April, 2016



**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016**

Particulars	Note No	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital .....	3	19,505,900	21,252,500
(b) Reserves and surplus .....	4	106,020,672	97,498,575
<b>2 Current liabilities</b>			
(a) Trade payables .....	5		
Payable to micro and small enterprises .....		-	-
Others .....		25,977,091	19,317,529
(b) Other current liabilities .....	6	12,481,554	83,213,404
(c) Short-term provisions .....	7	10,489,608	10,024,792
<b>TOTAL</b> .....		<b>174,474,825</b>	<b>231,306,800</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets .....	8		
Tangible assets .....		1,200,578	1,931,278
(b) Non Current Investments .....	9	1	-
(c) Deferred tax assets (net) .....	10	2,392,170	1,956,198
(d) Long-term loans and advances .....	11	6,598,209	13,534,418
(e) Other non current assets .....	12	2,271,594	1,827,655
<b>2 Current assets</b>			
(a) Trade receivables .....	13	72,282,420	70,970,542
(b) Cash and cash equivalents .....	14	19,465,849	111,888,092
(c) Short-term loans and advances .....	15	4,786,819	2,264,702
(d) Other current assets .....	16	65,477,185	26,933,915
<b>TOTAL</b> .....		<b>174,474,825</b>	<b>231,306,800</b>

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board

**B. Suresh**

CEO  
and Managing Director

**Geetha Suryanarayanan**  
Partner

**S. Venkatraman**

Director

**Parag C. Shah**

Director

Place: Chennai  
Date : April 27, 2016

Place : Mumbai  
Date : April 27, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

<b>Particulars</b>	<b>Note No</b>	<b>For the year ended 31-Mar-16 (in Rupees)</b>	<b>For the year ended 31-Mar-15 (in Rupees)</b>
<b>Revenue from operations:</b>			
Revenue from consultancy services (Gross)		<b>262,515,142</b>	278,327,656
Less: Service Tax		<b>13,414,353</b>	19,672,806
		<b>249,100,789</b>	258,654,850
Other income	17	<b>4,755,777</b>	1,266,298
<b>Total Revenue</b>		<b>253,856,566</b>	259,921,148
<b>Expenses:</b>			
Sub consultancy/sub contractors		<b>102,548,579</b>	91,543,436
Employee benefits expenses	18	<b>71,521,150</b>	81,424,179
Depreciation		<b>1,100,931</b>	1,169,448
Other expenses	19	<b>45,445,873</b>	55,042,035
<b>Total expenses</b>		<b>220,616,533</b>	229,179,098
<b>Profit before Tax</b>		<b>33,240,033</b>	30,742,050
Tax expense:			
Current tax		<b>11,500,000</b>	10,805,000
Deferred tax		<b>(435,972)</b>	(757,245)
<b>Profit for the year</b>		<b>22,176,005</b>	20,694,295
Earnings per equity share: (of Rs. 10/- each)			
Basic & Diluted	21	<b>11.09</b>	9.74

**See accompanying notes forming part of the financial statements**

In terms of our report attached  
For **Deloitte Haskins & Sells**  
*Chartered Accountants*

For and on behalf of the Board

**B. Suresh**                      CEO  
and Managing Director

**Geetha Suryanarayanan**  
*Partner*

**S. Venkatraman**              Director

**Parag C. Shah**                Director

*Place: Chennai*  
*Date : 27<sup>th</sup> April, 2016*

*Place : Mumbai*  
*Date : 27<sup>th</sup> April, 2016*

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

<b>Particulars</b>	<b>For the year ended March 31, 2016 (in Rupees)</b>	<b>For the year ended March 31, 2015 (in Rupees)</b>
<b>A. Cash flow from operating activities:</b>		
<b>Profit before taxation</b>	<b>33,240,033</b>	30,742,050
<b>Adjustments for:</b>		
Depreciation	1,100,931	1,169,448
Unrealised exchange differences	(2,797,336)	(176,716)
(Profit)/Loss on sale of fixed assets (Net)	(906)	-
Interest income	(2,065,355)	(1,206,739)
Bad debts written off	12,347,786	25,185,940
Operating profit before working capital changes	<u>41,825,153</u>	<u>55,713,983</u>
Adjustment for (increase)/decrease in operating assets:		
Trade Receivables	1,485,458	(30,522,863)
Other Non current assets	(443,939)	1,883,994
Other Current Assets	(51,207,530)	10,131,162
Short Term Loans & Advances	(2,522,117)	(91,738)
Long Term Loans & Advances	2,736,434	(1,257,388)
Adjustment for increase/(decrease) in operating liabilities:		
Trade payables	6,659,562	3,272,284
Other Current Liabilities	(70,731,850)	81,520,826
Short Term Provisions	821,538	866,798
Cash generated from/(used in operations)	<u>(71,377,291)</u>	<u>121,517,058</u>
Income-tax paid	(7,300,225)	(12,296,382)
<b>Net Cash used in operating activities</b>	<u>(78,677,516)</u>	<u>109,220,676</u>
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets	(370,905)	(784,591)
Proceeds from sale of Fixed Assets	1,580	1,712
Purchase of non current investments	(1)	-
Interest received	2,381,829	426,580
Bank balances not considered as cash and cash equivalents	51,818,376	(57,165,879)
<b>Net cash generated from investing activities</b>	<u>53,830,879</u>	<u>(57,522,178)</u>

<b>Particulars</b>	<b>For the year ended March 31, 2016 (in Rupees)</b>	<b>For the year ended March 31, 2015 (in Rupees)</b>
<b>C. Cash flow from financing activities</b>		
Dividend paid	(4,747,736)	(2,125,250)
Dividend distribution tax paid	(966,544)	(361,186)
Buy back of equity shares	(10,042,950)	-
<b>Net cash used in financing activities</b>	<b>(15,757,230)</b>	<b>(2,486,436)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(40,603,867)</b>	<b>49,212,062</b>
Cash and Cash Equivalent at the beginning of the year	49,462,733	250,671
<b>Cash and Cash Equivalent at the end of the year</b>	<b>8,858,866</b>	<b>49,462,733</b>
<b>Reconciliation of Cash and Cash equivalents with the Balance Sheet</b>		
Cash and Cash equivalents as per Balance Sheet	19,465,849	111,888,092
Less: Bank Balances not considered as Cash and Cash equivalents	(10,606,983)	(62,425,359)
	<b>8,858,866</b>	<b>49,462,733</b>

In terms of our report attached  
For **Deloitte Haskins & Sells**  
*Chartered Accountants*

**Geetha Suryanarayanan**  
*Partner*

*Place: Chennai*  
*Date : 27<sup>th</sup> April, 2016*

For and on behalf of the Board

**B. Suresh** CEO  
and Managing Director

**S. Venkatraman** Director

**Parag C. Shah** Director

*Place : Mumbai*  
*Date : 27<sup>th</sup> April, 2016*

## Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2016

### 1. Corporate Information

Mahindra Consulting Engineers Limited (MACE) is a multidisciplinary engineering consultancy organization providing Engineering, Project Advisory Services and Infrastructure Consulting. The sectors of operation covers urban infrastructure, industrial infrastructure, water and wastewater, environment, transportation sector, tourism infrastructure, renewable energy, sustainable development studies, buildings and structures, industrial plants and systems, agribusiness and food infrastructure, social infrastructure, institutional studies. The company offers wide range of services in both domestic and international market right from project conceptualization, market demand, feasibility studies, planning, design, engineering, project management, Public Private Partnership (PPP) transaction advisory etc across several sectors. The clientele base includes Central Government, State Government, Public Sector Undertakings, Infrastructure Development Agencies, Private Sector, Financial Institutions, International Consulting firms, etc.

### 2. Significant Accounting Policies

#### 2.1 Basis of accounting and preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

#### 2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.5 Depreciation and amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets given to employees, in whose case the life of the assets has been assessed based on "Consumer Durable Scheme" of the company taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

- |   |           |
|---|-----------|
| a. Computers under consumer durable scheme            | – 5 years |
| b. Furniture & fixtures under consumer durable scheme | – 5 years |
| c. Office equipments under consumer durable scheme    | – 5 years |

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalization.

Amortization on intangible fixed assets has been provided over a period of five years, being the estimated useful life, on straight line basis.

### 2.6 Revenue Recognition

- The Company recognizes revenue on the percentage of completion method, which involves technical estimates with respect to costs to completion, of each contract/activity. Such estimates, made by the Company and certified to the auditors, have been relied upon by them, as these are of a technical nature. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.
- Revenue from project supervision services is recognized based on agreed monthly billings and covers personnel costs of employees deputed for the project and includes appropriate overheads and margins.

### 2.7 Other income

Interest income on fixed deposits is accrued proportionately based on period for which the same is placed.

### 2.8 Fixed assets (Tangible and Intangible assets)

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase/completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

### 2.9 Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost. Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

### 2.10 Investments

Non-current investments are carried at cost, less provision for diminution, other than temporary, in the value of such investments.

### 2.11 Employee Benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

#### a. Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### b. Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

c. Short term employee benefit plans

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

d. Long term employee benefit plans

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

## 2.12 Employee Share Based Payments

During the year ended 31<sup>st</sup> March, 2010, the Employee Stock Option Scheme ("Scheme") was formulated by the Remuneration/Compensation Committee of the Directors of the Company. Employee Stock Options granted on or after 31<sup>st</sup> March, 2010 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

## 2.13 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

## 2.14 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

## 2.15 Earnings Per Share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

## 2.16 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

## 2.17 Impairment of Assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

## 2.18 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

## 2.19 Service tax Input Credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

## 2.20 Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**Notes to Accounts**
**Note 3: Share Capital**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
<b>Authorized</b>		
4,000,000 equity shares of Rs. 10 each (Previous Year: 4,000,000 Equity Shares of Rs. 10 each)	40,000,000	40,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
1,950,590 equity shares of Rs. 10 each (previous year 2,125,250)	19,505,900	21,252,500
<b>Notes:</b>		
(i) The Company has only one class of equity shares having a par value of Rs. 10/-. Each holder is entitled to one vote per equity share		
(ii) The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting		
(iii) Repayment of capital will be in proportion to the number of equity shares held		
	<u>19,505,900</u>	<u>21,252,500</u>

**Note:**
**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares held	Share capital	Number of shares held	Share capital
(iv) Opening balance	2,125,250	21,252,500	2,125,250	21,252,500
(v) Less: Buy back (174,660 shares from Mahindra Consulting Engineers Employees Stock Option Trust)	174,660	1,746,600	-	-
(vi) Closing	1,950,590	19,505,900	2,125,250	21,252,500

**(ii) Details of shares held by each shareholder holding more than 5% shares:**

Class of shares/Name of Shareholder	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares held	% holding	Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	1,151,000	59.01%	1,151,000	54.16%
Mahindra Consulting Engineers Employees Stock Option Trust (MCET)	595,382	30.52%	770,042	36.23%

**Note 4: Reserves & Surplus**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
<b>(a) Capital reserve</b>	1,627,959	1,627,959
<b>(b) Securities premium account</b>		
Opening balance	17,351,250	17,351,250
Add: Additions during the year	-	-
Less: Utilised during the year for Buy back of shares (refer note (i) below)	8,296,350	-
<b>Closing balance</b>	<u>9,054,900</u>	<u>17,351,250</u>

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
<b>(c) Capital redemption reserve</b>		
Opening balance	-	-
Add: Transferred from General Reserve due to buy back of shares	1,746,600	-
<b>Closing balance</b>	<u>1,746,600</u>	<u>-</u>
<b>(d) Share options outstanding account (ESOS)</b>		
Opening balance	2,587,393	2,796,768
Add: Additions during the year	-	-
Add: Transferred to general reserve on allotment of shares	-	209,375
<b>Closing balance</b>	<u>2,587,393</u>	<u>2,587,393</u>
<b>(e) General Reserve</b>		
Opening balance	17,016,743	14,737,938
Add: Transferred from surplus in statement of profit and Loss	2,217,601	2,069,430
Add: Transferred from share option outstanding account	-	209,375
Less: Transferred to capital redemption reserve account due to buy back of shares	1,746,600	-
<b>Closing balance</b>	<u>17,487,744</u>	<u>17,016,743</u>
<b>(f) Surplus in Statement of Profit and Loss</b>		
Opening balance	58,915,230	47,088,572
Less: Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (net of deferred tax)	-	572,257
Add: Profit for the year	22,176,005	20,694,295
Add: Proposed Dividend pertains to shares bought back	511,670	-
Less: Proposed Dividend Rs. 2.50 per equity share (previous year Rs. 2.434 per equity share)	4,876,475	5,172,859
Tax on dividend	992,753	1,053,091
Amount transferred to general reserve	2,217,601	2,069,430
<b>Closing Balance</b>	<u>73,516,076</u>	<u>58,915,230</u>
<b>Total</b>	<u>106,020,672</u>	<u>97,498,575</u>

Note (i) During the year the company has bought back 174,660 shares from Mahindra Consulting Engineers Employees Stock Option Trust @ Rs. 57.50 each for an agreed consideration of Rs. 10,042,950. Face value of shares bought back Rs. 1,746,600 (174,660 share @ Rs. 10 each) is transferred from General reserve to Capital Redemption Reserve. Securities Premium of Rs. 8,296,350 is utilized towards premium on shares bought back.

**Note 5: Trade payables**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
Outstanding dues of micro enterprises and small enterprises (refer note 30)	-	-
Outstanding dues of creditors other than micro enterprises and small enterprises:		
Amounts payable to related party [Refer Note 26]	9,885,418	10,283,175
Other payables [Refer Note 30]	16,091,673	9,034,354
	<u>25,977,091</u>	<u>19,317,529</u>

**Note 6: Other Current Liabilities**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
Gratuity Payable [Refer Note 25]	1,033,715	784,692
Statutory remittances (Contribution to PF and ESIC, TDS, service tax etc)	1,209,269	2,972,443
Advance from customers	10,238,570	79,456,269
	<u>12,481,554</u>	<u>83,213,404</u>

**Note 7: Short Term Provisions**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
(a) Provision for employee benefits: Compensated absences	4,620,380	3,798,842
	<u>4,620,380</u>	<u>3,798,842</u>
(b) Provision – Others:		
(i) proposed equity dividend	4,876,475	5,172,859
(ii) tax on proposed dividends	992,753	1,053,091
	<u>5,869,228</u>	<u>6,225,950</u>
	<u>10,489,608</u>	<u>10,024,792</u>

**Note 8: Fixed Assets**

Details	Gross Block			Accumulated Depreciation					Net Block		
	Balance as at 1-Apr-15	Additions	Disposals	Balance as at 31-Mar-16	Balance as at 1-Apr-15	Depreciation for the year	Transition adjustment recorded against surplus balance in Statement of Profit & Loss	On disposals	Balance as at 31-Mar-16	Balance as at 31-Mar-16	Balance as at 31-Mar-15
	(in Rupees)			(in Rupees)					(in Rupees)		
<b>(i) Tangible Assets</b>											
Furniture and Fixtures	295,812 (246,712)	12,000 (54,600)	– (5,500)	307,812 (295,812)	227,309 (215,231)	10,561 (12,681)	– (4,842)	– (5,445)	237,870 (227,309)	69,942 (68,503)	68,503 (31,481)
Vehicles	2,174,612 (2,174,612)	– (–)	– (–)	2,174,612 (2,174,612)	1,594,767 (1,155,762)	402,677 (439,005)	– (–)	– (–)	1,997,444 (1,594,767)	177,168 (579,845)	579,845 (1,018,850)
Office equipments	3,090,288 (3,068,862)	137,730 (147,126)	299,089 (125,700)	2,928,929 (3,090,288)	2,551,405 (1,693,620)	309,561 (385,817)	– (596,411)	298,414 (124,443)	2,562,552 (2,551,405)	366,377 (538,882)	538,882 (1,375,242)
Computers	4,136,994 (3,594,129)	221,175 (582,865)	108,542 (40,000)	4,249,627 (4,136,994)	3,392,946 (2,834,930)	378,132 (331,945)	– (265,571)	108,542 (39,600)	3,662,536 (3,392,946)	587,091 (744,048)	744,048 (759,199)
<b>Total</b>	<b>9,697,706</b>	<b>370,905</b>	<b>407,631</b>	<b>9,660,980</b>	<b>7,766,427</b>	<b>1,100,931</b>	<b>–</b>	<b>406,956</b>	<b>8,460,402</b>	<b>1,200,578</b>	<b>1,931,278</b>
Previous Year	9,084,315	784,591	171,200	9,697,706	5,899,543	1,169,448	866,924	169,488	7,766,427	1,931,278	3,184,772
<b>(ii) Intangible Assets</b>											
Technical Knowhow	4,069,438 (4,069,438)	– (–)	– (–)	4,069,438 (4,069,438)	4,069,438 (4,069,438)	– (–)	– (–)	– (–)	4,069,438 (4,069,438)	– (–)	– (–)
<b>Total</b>	<b>4,069,438</b>	<b>–</b>	<b>–</b>	<b>4,069,438</b>	<b>4,069,438</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,069,438</b>	<b>–</b>	<b>–</b>
Previous Year	4,069,438	–	–	4,069,438	4,069,438	–	–	–	4,069,438	–	–
<b>Grand Total</b>	<b>13,767,144</b>	<b>370,904</b>	<b>407,631</b>	<b>13,730,418</b>	<b>11,835,865</b>	<b>1,100,931</b>	<b>–</b>	<b>406,957</b>	<b>12,529,839</b>	<b>1,200,578</b>	<b>1,931,278</b>
Previous Year	13,153,753	784,591	171,200	13,767,144	9,968,981	1,169,448	866,924	169,488	11,835,865	1,931,278	3,184,772

Previous year's figures are in brackets

**Note 9: Non-current Investments (Non-trade)**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
Investment in equity instruments of subsidiary – Mahindra Namaste Limited (9,010,000 shares, face value of Rs. 10 each acquired for a consideration of Re. 1)	1	–
	<u>1</u>	<u>–</u>

**Note 10: Deferred tax assets**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
<b>Tax effect of items constituting deferred tax asset</b>		
Provision for compensated absences and gratuity	1,956,769	1,557,943
On difference between book balance and tax balance of fixed assets	435,401	398,255
	<u>2,392,170</u>	<u>1,956,198</u>

**Note 11: Long-term loans and advances (Unsecured and Considered Good)**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
Advance Income tax (net of provisions)	5,687,909	9,887,684
Security deposits	910,300	3,646,734
	<u>6,598,209</u>	<u>13,534,418</u>

**Note 12: Other non-current assets**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
Fixed deposits held as security against contracts	2,271,594	1,827,655
	<u>2,271,594</u>	<u>1,827,655</u>



**Note 13: Trade receivables (Unsecured, considered good unless otherwise stated)**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
(i) Trade receivables outstanding for a period exceeding six months from the date they were due for payment	57,008,102	13,916,912
(ii) Other Trade receivables	15,274,318	57,053,630
	<u>72,282,420</u>	<u>70,970,542</u>

**Note 14: Cash and cash equivalents**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
<b>Cash and cash equivalents</b>		
Cash on hand	–	–
Cheques on hand	490,000	–
Balances with banks:		
In current accounts	8,368,866	49,462,733
	<u>8,858,866</u>	<u>49,462,733</u>

**Other bank balances**

In deposit accounts more than 3 months and less than 12 months maturity	6,200,000	58,100,000
In earmarked accounts		
Deposits with clients	4,406,983	4,325,359
	<u>10,606,983</u>	<u>62,425,359</u>
	<u>19,465,849</u>	<u>111,888,092</u>

**Note 15: Short-term loans and advances (Unsecured and considered good)**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
(a) Security deposits	3,783,522	1,645,008
(b) Prepaid expenses	197,499	192,291
(c) Advances to employees	701,798	323,403
(d) Other recoverables	104,000	104,000
	<u>4,786,819</u>	<u>2,264,702</u>

**Note 16: Other Current Assets**

Particulars	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
Unbilled revenue	64,848,473	25,988,729
Interest accrued but not due on fixed deposits	628,712	945,186
	<u>65,477,185</u>	<u>26,933,915</u>

**Note 17: Other Income**

Particulars	For the year ended 31-Mar-16 in Rupees	For the year ended 31-Mar-15 in Rupees
Interest Income		
– From Bank Deposits	2,065,355	1,206,739
Profit on Sale of Fixed Asset (Net)	906	–
Net gain on foreign currency transactions	2,689,516	59,559
	<u>4,755,777</u>	<u>1,266,298</u>

**Note 18: Employee benefits expense**

Particulars	For the year ended 31-Mar-16 in Rupees	For the year ended 31-Mar-15 in Rupees
Salaries & wages	66,252,999	75,849,653
Contribution to Provident & other funds [Refer Note 25]	3,239,605	3,551,380
Staff welfare expenses	2,028,546	2,023,146
	<u>71,521,150</u>	<u>81,424,179</u>

**Note 19: Other Expenses**

Particulars	For the year ended 31-Mar-16 in Rupees	For the year ended 31-Mar-15 in Rupees
Rent	3,049,805	3,031,385
Rates and taxes	245,338	26,514
Repairs and maintenance-others	192,116	201,649
Power and fuel	588,043	716,670
Professional charges	2,151,285	2,758,594
Postage, telephone and fax	1,363,170	1,607,666
Insurance	494,871	460,646
Printing and stationery	1,571,646	1,572,761
Traveling & conveyance expenses	19,762,838	15,092,062
Vehicle expenses	804,464	736,206
Unbilled revenue accrued in earlier years written off	12,347,786	23,684,456
Bad debts	–	1,501,484
Expenditure on Corporate Social Responsibility	127,500	478,750
Project maintenance expenses	970,170	–
Miscellaneous expenses	1,776,841	3,173,192
	<u>45,445,873</u>	<u>55,042,035</u>

**Amount paid/payable to the statutory auditors (included under professional charges in Note 19)**

(Amount in Rupees)

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
Statutory Audit fees	600,000	550,000
For other services	–	175,000
Reimbursement of expenses	–	764

**Additional information to the financial statements**

**Note 20:**

(a) In respect of contracts entered into by the Company, the Company has recognised revenue on the percentage of completion method, which is measured with reference to the proportion of personnel and sub-consultancy costs incurred to the total estimated personnel and sub-consultancy costs for each contract.

(b) Disclosures pursuant to Accounting Standards (AS) 7 (revised):

Particulars	2015 - 2016 Rs.	2014 - 2015 Rs.
i) Contract revenue recognized for the year ended	249,100,789	258,654,850
ii) In respect of contracts in progress as at 31 <sup>st</sup> March 2016, the aggregate costs incurred and recognised profits (net) upto the year end	164,898,425	173,606,931
iii) Retention money for contracts in progress	1,520,631	1,587,824

**Note 21: Earnings per share – Basic & Diluted**

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
Net profit after Tax (Rs.)	22,176,005	20,694,295
Weighted average number of equity shares (Nos.) used in computing basic earnings	2,000,220	2,125,250
Basic & Diluted Earnings per share (Rs.)	11.09	9.74
Nominal value per share (Rs.)	10.00	10.00

**Note 22: Earnings in foreign exchange**

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
Consultancy fees	24,435,588	74,734,574

**Note 23: Expenditure in foreign currency**

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
Salary	3,705,419	6,037,175
Travel	1,896,060	2,864,200
Computer software	–	125,883
<b>Total</b>	<b>5,601,479</b>	<b>9,027,258</b>

**Note 24: Amounts remitted in foreign currency during the year on account of dividend**

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
Amount of dividend remitted in foreign currency	–	655,250
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	–	1
Total number of shares held by them on which dividend was due	–	655,250
Year to which the dividend relates		2013-14

**Note 25: Disclosure as required under Accounting Standard – 15 on “Employee Benefits” is as under:**

- a) The Company has recognized Rs. 1,844,917 (Previous Year Rs. 1,448,290) towards Company's Contribution to Provident Fund and Rs. 852,458 (Previous Year Rs. 1,495,425) towards Company's Contribution to Superannuation Fund in the Statement of Profit and Loss.
- b) The Company operates funded post retirement defined benefit plans for gratuity, details of which are as follows

(Amount in Rupees)

Employee Defined Benefit Plans	Year Ended 31-Mar-16	Year Ended 31-Mar-15
<b>I. Assumptions:</b>		
Discount Rate	8.00%	7.80%
Rate of Return on Plan Assets	8.00%	8.75%
Salary Escalation	5.00%	5.00%
Attrition rate	3.00%	3.00%
Mortality Table - LIC (94-96) Ultimate Mortality		
<b>A Net Asset/(Liability) recognized in the Balance Sheet</b>		
Present value of obligation	5,035,128	4,065,706
Fair value of plan assets	4,001,413	3,281,014
Net Asset/(Liability)	(1,033,715)	(784,692)
<b>B Expense recognized in the Profit &amp; Loss account</b>		
Current service cost	332,811	318,446
Interest cost	317,125	293,901
Expected return on plan assets	(307,123)	(259,061)
Actuarial (gains)/Losses	(364,128)	(254,380)
Past service cost	–	–
Total expense included under Note 18	706,941	607,665
<b>C Change in present value of Obligation</b>		
Present value of defined benefit obligation as at the beginning of the year	4,065,706	3,229,676
Current service cost	332,811	318,446
Interest cost	317,125	293,901
Benefits paid	–	–
Actuarial (gains)/losses	(319,486)	(223,683)
Past Service Cost	–	–
<b>Present value of defined benefit obligation as at the end of the period</b>	<b>5,035,128</b>	<b>4,065,706</b>
<b>D Change in fair value of plan assets</b>		
Plan assets at the beginning of the year	3,281,014	2,609,889
Expected return on plan assets	307,123	259,061
Actuarial gains/(losses)	44,642	30,696
Contributions by employer	457,918	442,760
Benefits paid and adj. to opening balance	–	–
<b>Plan assets at the end of the year</b>	<b>4,001,413</b>	<b>3,281,014</b>

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion, increments and other relevant factors such as supply and demand in the employment market.

In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets. The expected contribution to the fund for the year ending March 31, 2017 is Rs. 503,710.

**Experience Adjustments:**

(Amount in Rupees)

	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Experience Adjustments on plan liabilities – (loss)/gain	(382,925)	136,774	415,467	(73,253)	597,767
Experience Adjustments on plan assets – (loss)/gain	(44,642)	(30,696)	158,719	(161,641)	5,265

**Note 26: Related Party Transactions**

a) Details of Related Parties:-

	Particulars	Nature of relationship	March 31, 2016	March 31, 2016
1	Mahindra & Mahindra Limited	Holding Company	√	√
2	Mahindra Consulting Engineers Employees Stock Option Trust	Employee Welfare Trust	√	√
3	Mahindra Namaste Limited (Refer Note (i))	Subsidiary	√	–
4	SAFEGE (Refer Note (ii))	Entity having significant influence	–	√
5	Mahindra World City Developers Limited	Fellow Subsidiary	√	√
6	Mahindra Infrastructure Developers Limited	Fellow Subsidiary	√	√

	Particulars	Nature of relationship	March 31, 2016	March 31, 2016
7	Mahindra Lifespace Developers Limited	Fellow Subsidiary	√	√
8	Mahindra Industrial Park Chennai Limited	Fellow Subsidiary	√	–
9	Mahindra Holidays & Resorts India Limited.	Fellow Subsidiary	√	√
10	Mahindra Susten Pvt. Ltd (formerly known as Mahindra EPC Services Pvt. Ltd)	Fellow Subsidiary	√	√
11	Mahindra World City (Jaipur) Limited	Fellow Subsidiary	–	√
12	Mahindra Holdings Limited	Fellow Subsidiary	√	–
13	Mr. B. Suresh, CEO & Managing Director	Key Managerial Personnel (KMP)	√	√

**Note**

- (i) During the year the company has acquired 100% share capital of (9,010,000 shares) "Mahindra Namaste Limited" with effect from March 31, 2016.
- (ii) During the year 2014-15, 655,250 equity shares of Rs. 10/- each held by SAFEGE, France had been sold to Mahindra Consulting Engineers Employees Stock Option Trust vide Share Subscription-Cum-Offer for Sale and Shareholders Agreement Termination & Settlement Agreement dated 23<sup>rd</sup> March, 2015 for an agreed consideration of INR 37,676,857.
- (iii) Related parties have been identified by the Management and disclosed where transaction entered into and relied upon by the auditors.

b) Details of related party transactions during the year ended 31<sup>st</sup> March, 2016 and balances outstanding as at 31<sup>st</sup> March, 2016:

Sr. No.	Nature of transaction	Holding Company	Fellow Subsidiaries											Welfare Trust	Entity having significant influence	KMP
			Mahindra & Mahindra Holdings Ltd.	Mahindra World City Developers Ltd.	Mahindra City Developers Ltd.	Mahindra Infrastructure Developers Ltd.	Mahindra Lifespaces Developers Ltd.	Mahindra Industrial Park Chennai Ltd.	Mahindra Holidays & Resorts	Mahindra Susten Private Limited	Mahindra World City (Jaipur Ltd.)	Mahindra Consulting Engineers Employees Stock Option Trust	SAFEGE			
1	2	3	4	5	6	7	8	9	10	11	12	13	14			
1	Income from consultancy services	- (4,250,000)	- (-)	4,813,317 (9,394,000)	- (-)	- (-)	4,530,246 (-)	720,000 (375,000)	11,250,000 (5,424,032)	- (95,000)	- (-)	- (4,621,602)	- (-)			
2	Reimbursement of expenses	2,054,416 (3,069,700)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)			
3	Rent	2,448,492 (2,537,664)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)			
4	Purchase	- (-)	- (-)	- (-)	42,000 (185,500)	- (-)	- (-)	(2,039,304) (-)	- (-)	- (-)	- (-)	- (-)	- (-)			
5	Dividend paid	2,801,534 (1,151,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,449,160 (121,042)	- (655,250)	- (-)			
6	Professional charges	300,000 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)			
7	Purchase of equity shares	- (-)	1 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)			
8	Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	16,717,815 (13,378,143)			
9	Outstanding as at year end:															
	Payables	9,788,323 (10,045,358)	- (-)	- (-)	- (-)	97,095 (97,095)	- (-)	(140,722) (-)	- (-)	- (-)	- (-)	- (-)	- (-)			
	Receivables	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	600,875 (-)	- (-)	104,000 (104,000)	- (392,179)	- (-)			

Previous year's figures are in brackets

**Note 27: Details of foreign currency exposures that are not hedged by derivative instruments or otherwise are given below:**

Particulars	Currency	As at March 31, 2016		As at March 31, 2015	
		Amount in foreign currency	Equivalent amount in Rs.	Amount in foreign currency	Equivalent amount in Rs.
Exports	SAR	23,600	416,304	23,600	392,179
	USD	663,659	43,967,425	773,788	48,234,486
	OMR	15,000	2,577,600	15,000	2,428,658
	AED	-	-	125,000	2,121,642

**Note 28:**

The company has not taken any premises on non cancellable operating lease.

**Note 29: a. Segment Reporting**

The Company has a single reportable business segment viz. income from consultancy services for the purpose of Accounting Standard 17 on Segment Reporting.

**b. Segment Information**

Information about Geographical segment is as follows:

Particulars	2015-16			2014-15		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	224,665,201	24,435,588	249,100,789	183,920,276	74,734,574	258,654,850
Segment Assets	107,247,223	59,147,524	166,394,747	158,130,150	61,332,769	219,462,919
Additions to fixed assets	370,905	-	370,905	784,591	-	784,591

**Note 30:** There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, as at 31<sup>st</sup> March, 2016 which is on the basis of such parties having been identified by the management and relied upon by the auditors.

**Note 31: Employees Stock Option Scheme ("ESOS")**

Mahindra Consulting Engineers Employees Stock Option Trust ("the Trust") had purchased 490,000 shares of the Company from the market during 2006. During the year ended 31<sup>st</sup> March, 2010, the Employee Stock Option Scheme ("Scheme") was formulated by the Remuneration/Compensation Committee of the Directors of the Company. Under the said Scheme, the Trust will grant options to eligible employees and directors of the Company and its Holding Company (Beneficiaries), whereby the Beneficiaries will be entitled to acquire the equity shares lying with the Trust pursuant to the Options granted and vested in them in accordance with the Scheme and accordingly the said shares lying with the Trust will get transferred to the Beneficiaries upon due exercise of the options granted. In accordance with the said Scheme, shares held by the Trust have been granted to the Beneficiaries on 31<sup>st</sup> March 2010.

(i) The details of the Employees' Stock Option Scheme are as under:

Date of grant	March 31, 2010
Type of Arrangement	Equity settled option plan administered through Employee Stock Option Trust
Number of Options Granted	319,000
Number of Options lapsed during the year	Nil
Number of option lapsed as at March 31, 2015	30,057
Vesting period	4 years

Vesting Conditions	25% each on expiry of 12, 24, 36 and 48 months from the date of grant
Exercise Period	Within a period of five (5) years from the date of vesting
Exercise Price	Rs. 10/-
Method of Settlement	By issue of one equity share each for every option exercised.
No. of options exercisable in each tranche.	Minimum of 100 and a maximum of all options vested till that date.
Number of options vested as at March 31, 2016	288,943
Number of options exercised and allotted as at March 31, 2016	211,708
Number of options vested but not exercised	77,235

- (ii) The company has adopted the intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares based on the valuation obtained from an independent Valuer is Rs. 43.50 per equity share as at March 31, 2010 based on the Discounted Cash Flow Method.
- (iii) In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the difference between the intrinsic value of Rs. 43.50 and the exercise price per share of Rs. 10 on options granted amounting to Rs. 9,679,591/- has been charged to Statement of Profit and Loss over the vesting period of the options as employee compensation cost and is being carried forward as Employees Options Outstanding account and disclosed separately in the Balance Sheet. As and when the options are exercised and the shares are transferred to the eligible employees by the Trust, the corresponding amount would be transferred from Share Options Outstanding Account to the General Reserve. There is no options exercised in the current year.
- (iv) The fair value of options, based on the valuation of the independent Valuer as on the date of Grant i.e. March 31, 2010 is Rs. 35.24 per share.

No fair value related disclosure given since the vesting period expired by 31<sup>st</sup> March 2015.

**Note 32:**

- (i) There are no pending litigations other than an Income-tax case for which adequate provision is available in the financial statements as at 31<sup>st</sup> March, 2016.
- (ii) The company did not enter into any derivative contracts during the year.
- (ii) There are no amounts required to be transferred to the investor education and protection fund by the Company during the year.

**Note 33:** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure.

For and on behalf of the Board

**B. Suresh** CEO and Managing Director  
**S. Venkatraman** Director  
**Parag C. Shah** Director

Place: Mumbai  
 Date: April 27, 2016

## DIRECTORS' REPORT TO THE MEMBERS

The Directors present their Eighth report together with the audited financial statement of your Company for the financial year ended on 31<sup>st</sup> March, 2016.

### Financial Highlights

Particulars	(Amount in Rs.)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income.....	57,21,40,424	81,13,15,705
Profit/(Loss) Before Depreciation, Finance Cost and Taxation.....	3,49,29,431	15,76,49,671
Less: Depreciation.....	62,19,149	56,71,831
Profit/(Loss) Before Finance Cost and Taxation.....	2,87,10,282	15,19,77,840
Less : Finance Cost .....	-	-
Profit/(Loss) Before Taxation .....	2,87,10,282	15,19,77,840
Less: Provision for Taxation .....	1,10,00,000	3,30,00,000
- Deferred Tax.....	14,91,302	8,44,071
Profit/(Loss) for the year after Taxation.....	1,92,01,584	11,98,21,911
Add: Balance of Profit/(Loss) for earlier years .....	6,37,71,223	(5,60,50,688)
Less: Transfer to Debenture Redemption Reserve .....	-	5,10,67,851
Balance carried forward .....	8,29,72,807	6,37,71,223

### Dividend

With a view to conserve the resources of the Company for its growth plan, the Directors do not recommend dividend for financial year 2015-2016.

### Reserves

Profit for the year has been carried forward to P & L account and no amount has been transferred to Reserves. The Company has, in the earlier years, transferred adequate amount to the Debenture Redemption Reserve and hence, no further transfer to the Debenture Redemption Reserve was made for the financial year 2015-16.

### Operations

The Company's project 'Bloomdale', located at Nagpur, Maharashtra is conceived as a gated community spanning around 25.2 acres and offering a choice of midrise apartments, row houses and duplex homes. During the year, the Company launched one new phase of the project (IIIA), taking the total saleable area launched to 0.97 million square feet. Construction has been completed for the first phase of the project (IA, IB and IC), and is underway for the remaining phases and the club house. 83 per cent of the total units launched in this project have been sold upto March 2016.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made with respect to previous financial statement of the Company.

### Share Capital

The Authorised and Paid-up equity share capital of the Company is Rs.5 lakh which is presently held by Mahindra Lifespace Developers Limited (MLDL) and B.E. Billimoria & Co. Limited (BEBL) in the ratio of 70:30 respectively.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity shares) nor granted employee stock options. Further there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

### Non-Convertible Debentures

On 10<sup>th</sup> September, 2014, the Company had issued and allotted 25 - Secured Redeemable 11.25 % Coupon, Non-Convertible Debentures with a face value of Rs. 1 crore, aggregating Rs. 25 crore on a Private Placement Basis.

The proceeds from the aforesaid issue of Non-Convertible Debentures have been fully utilised for the purposes of the issue.

### Networth

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was Rs. 6,42,71,223 and Rs. 8,34,72,807 respectively.

### Holding Company

The Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/ associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement are not applicable to the Company.

#### Board of Directors

As of 31<sup>st</sup> March, 2016, the Board of Directors comprise of the following:

Name of the Director	DIN	Category of the Director
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive, Non Independent
Mr. Vijay Khetan	00465161	Independent Director
Mr. Raghunath Murti	00082761	Independent Director
Mr. Digant Kapadia	00021310	Non-Executive, Non Independent
Mr. Jeet Kapadia	02633453	Non-Executive, Non Independent
Mr. Jayantt Manmadkar	03044559	Non-Executive, Non Independent
Mr. Ramesh Ranganathan	03118598	Non-Executive, Non Independent

The Board at its meeting held on 23<sup>rd</sup> July, 2015 has appointed Mr. Ramesh Ranganathan (DIN: 03118598) w.e.f. 1<sup>st</sup> August, 2015, as an Additional Director, in the category of Non-Executive Non-Independent Director and liable to retire by rotation. In terms of the provisions of Section 161 of the Companies Act, 2013, Mr. Ramesh ceases to hold office at the ensuing Annual General Meeting. The Company has received a notice as per the provisions of Section 161(1) of the Companies Act, 2013 from a member proposing his candidature for the office of Director alongwith requisite deposit.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Digant Kapadia (DIN: 00021310) a Non-Executive Non-Independent Director retires by rotation at the 8<sup>th</sup> Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Kapadia is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Mr. Rajendra Joshi (DIN: 01336172) resigned as Director of the Company with effect from 31<sup>st</sup> July, 2015 due to pre-occupation. The Board places on record its deep appreciation of the valuable services rendered by Mr. Joshi during his tenure as a Director of the Company.

#### Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

#### Committees of the Board

##### Audit Committee

The Audit Committee comprises of two Independent Directors, namely Mr. Raghunath Murti and Mr. Vijay Khetan and one Non-Executive Non-Independent Director, Mr. Jayantt Manmadkar. Mr. Vijay Khetan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting

and financial management. The Chairman and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

##### Corporate Social Responsibility (CSR) Committee

As the Company meets the criteria prescribed under Section 135(1) of the Companies Act, 2013, the provisions with respect to CSR are currently applicable to the Company.

The Board of Directors at its meeting held on 16<sup>th</sup> April, 2015, constituted Corporate Social Responsibility Committee comprising Mr. Jayantt Manmadkar – Non Executive Non-Independent Director, Mr. Rajendra Joshi – Non Executive Non-Independent Director and Mr. Vijay Khetan – Independent Director. Consequent to the resignation of Mr. Rajendra Joshi, the Board at its meeting held on 23<sup>rd</sup> July, 2015, appointed Mr. Ramesh Ranganathan w.e.f. 1<sup>st</sup> August, 2015 as a member of the CSR Committee in place of Mr. Rajendra Joshi. The Role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

The Company has spent Rs. 6,79,000/- as against the required CSR expenditure of Rs. 8,75,000/- calculated in the manner prescribed in the Companies Act, 2013. Of the total unspent amount of Rs. 1,96,000, Rs. 1,85,000 was earmarked for Tree Plantation (Hariyali Campaign) in approved land and Rs. 11,000 was earmarked for running expense of Gyandeeep and renovation of the School. Considering the water shortage in the approved land, the Company was uncertain on the availability of water required to maintain the saplings which the Company would plant using the balance CSR Budget on Hariyali Campaign. Rs. 11,000 remained un-utilised towards Running expense of Gyandeeep and renovation of school as the same were not required by Gyandeeep in FY 15-16. As a result, the amount of Rs. 1,96,000 which was earmarked for aforesaid contribution remained unspent as on 31<sup>st</sup> March, 2016. The Board has approved that the unspent amount of Rs. 1,96,000, out of the minimum required CSR expenditure for FY 2015-16 be carried forward to the next year provided that the carried forward amount shall be over and above the next year's CSR allocation equivalent to atleast 2% of the average net profit of the Company of the immediately preceding three years.

The annual report on the CSR activities in the prescribed format is at **Annexure 1** to this Report.

##### Nomination and Remuneration Committee

As at 31<sup>st</sup> March, 2016, the Nomination and Remuneration Committee comprised of two Independent Directors, namely Mr. Raghunath Murti and Mr. Vijay Khetan and two Non-Executive Non-Independent Directors, Mr. Ramesh Ranganathan and Mr. Digant Kapadia. Mr. Raghunath Murti is the Chairman of the Committee. Consequent to the resignation of Mr. Rajendra Joshi w.e.f. 31<sup>st</sup> July, 2015, the Board at its Meeting held on 23<sup>rd</sup> July, 2015, re-constituted the Committee by appointing Mr. Ramesh Ranganathan as a member of the Committee w.e.f. 1<sup>st</sup> August, 2015.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as

required under Section 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2, Annexure 3 and Annexure 4**, respectively to this report:

1. Policy on appointment of Directors and Senior Management (**Annexure 2**)
2. Policy on remuneration of Directors (**Annexure 3**)
3. Policy on Remuneration of Key Managerial Personnel and Employees (**Annexure 4**)

**Committee of Directors for borrowings:**

The Board has constituted the “Committee of Directors for borrowings” on 21<sup>st</sup> October, 2015. The Terms of reference of the Committee includes borrowing secured/unsecured monies from time to time within the overall limits fixed by the Shareholders in this regard. The Committee comprises of Non-Executive Non-Independent Directors Ms. Anita Arjundas, Mr. Ramesh Ranganathan and Mr. Jayant Manmadkar.

**Meetings of Independent Directors**

The Independent Directors of the Company met once during the year without the presence of the Non-Independent Directors or any other Management Personnel. The Meeting was conducted to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timelines of flow of information between

The details of the number of meetings of the Board and the Committees attended by the respective members of the Board/ Committees are given below:

Sr. No.	Name of the Director	Board meetings	Audit Committee meetings	Nomination & Remuneration Committee meetings	Corporate Social Responsibility Committee meetings	Committee of Directors for Borrowings
1.	Ms. Anita Arjundas	5	–	–	–	1
2.	Mr. Ramesh Ranganathan (Appointed w.e.f. 1/08/2015)	2	–	–	2	1
3.	Mr. Rajendra Joshi (Ceased w.e.f. 31/7/2015)	3	–	2	1	–
4.	Mr. Jayant Manmadkar	5	4	–	3	1
5.	Mr. Digant Kapadia	4	–	2	–	–
6.	Mr. Jeet Kapadia	2	–	–	–	–
7.	Mr. Raghunath Murti	4	3	2	–	–
8.	Mr. Vijay Khetan	4	3	2	2	–

**Code of Conduct**

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year 2015-16, received declarations from Board members, Independent Directors and employees of the Company affirming compliance with the respective Codes.

the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**Meetings**

During the year, five Meetings of the Board were convened and held on following dates:

16<sup>th</sup> April, 2015, 8<sup>th</sup> June, 2015, 23<sup>rd</sup> July, 2015, 21<sup>st</sup> October, 2015 and 19<sup>th</sup> January, 2016.

During the year, four meetings of the Audit Committee were convened and held on the following dates:

16<sup>th</sup> April, 2015, 23<sup>rd</sup> July, 2015, 21<sup>st</sup> October, 2015 and 19<sup>th</sup> January, 2016.

During the year, two meetings of the Nomination & Remuneration Committee were convened and held on 16<sup>th</sup> April, 2015 and 23<sup>rd</sup> July, 2015.

During the year, three meetings of the Corporate Social Responsibility Committee were convened and held on 23<sup>rd</sup> July, 2015, 21<sup>st</sup> October, 2015 and 19<sup>th</sup> January, 2016.

During the year, one meeting of the “Committee of Directors for borrowing,” was held on 19<sup>th</sup> February, 2016.

The previous Annual General Meeting of the Company was held on 23<sup>rd</sup> July, 2015 which was attended by the Chairman of Audit Committee and the Chairman of the Nomination & Remuneration Committee.

**Directors’ Responsibility Statement**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and



fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2016 and of the profit of the Company for that period;

- (c) they had 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;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Internal Financial Controls**

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board periodically reviews the internal control systems with the management and auditors.

#### **Vigil Mechanism**

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirement for establishment of vigil mechanism is currently not applicable to the Company.

#### **Risk Management**

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

#### **Auditors**

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration No: 105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 6<sup>th</sup> Annual General Meeting till the conclusion of the 11<sup>th</sup> Annual General Meeting to be held in the calendar year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 8<sup>th</sup> Annual General Meeting till the conclusion of 11<sup>th</sup> Annual General Meeting to be held in 2019.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their

re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer and therefore does not call for any further comments.

The requirement of having internal auditor, cost auditor and secretarial auditor is presently not applicable to the Company. However, the Company has voluntarily appointed M/s. Ernst and Young LLP as Internal Auditors to carry out Internal Audit for the financial year 2015-16

#### **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

As the Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

There were no investments made by the Company attracting the provisions of Section 186 of the Companies Act, 2013.

#### **Contracts and Arrangements with Related Parties**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contract/arrangement/transaction with related parties which could be considered material are given in **Annexure 5** in the form AOC-2. The Directors draw attention to Note no. 25 to the financial statement which sets out details of transactions with related parties.

#### **Deposits, Loans and Advances**

During the year under review, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

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

The particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review are given in the prescribed format in **Annexure 6** to this report.

#### **Employee Remuneration**

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

### **Extract of Annual Return**

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 7** and forms part of this Report.

### **Safety, Health and Environmental Performance**

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

### **Sustainability**

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

### **General**

During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any Statutory Authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

No fraud has been reported during the audit conducted by the Statutory Auditor and Internal Auditors of the Company.

### **Cautionary statement:**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

### **Acknowledgment**

The Directors are thankful to all shareholders, consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 18<sup>th</sup> April, 2016

## ANNEXURE 1

### ANNUAL REPORT ON CSR ACTIVITIES

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company is driven by its mission of 'Transforming urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. Our current focus areas for our CSR efforts include education, environment, skill development and preventive healthcare. This is in alignment with Mahindra Group's core purpose of challenging conventional thinking and innovatively using all resources to drive positive change in the lives of our stakeholders and communities, thus enabling them to Rise. Inclusive development at all our project locations ensures that we grow with the communities surrounding us, thereby enabling truly sustainable living.

**2. The composition of the CSR Committee.**

**Comment:** As at 31st March, 2016, the CSR committee comprised of the following:

Name of the Member	Designation
Mr. Jayantt Manmadkar	Chairman
Mr. Ramesh Ranganathan	Member
Mr. Vijay Khetan	Member

**3. Average net profit of the Company for last three financial years.**

The average net profit of the Company for last three financial years was Rs. 4,37.5 lakh

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

The prescribed CSR expenditure was Rs. 8.75 lakh

**5. Details of CSR spent during the financial year.**

- (a) Total amount to be spent for the financial year: Rs. 8.75 lakh  
 (b) Amount unspent, if any: Rs. 1.96 lakh  
 (c) Manner in which the amount spent during the financial year is detailed below,

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	CSR project of activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (Amount in Rs.)	Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overhead (Amount in Rs.)	Cumulative expenditure upto the reporting period (Amount in Rs.)	Amount spent: Direct or through implementing agency*
1	Nanhi Kali – sponsored 146 girl child education	Education	Nagpur, Maharashtra	4,38,000	Direct expenditure: 4,38,000	4,38,000	Implementing Agency : KC Mahindra Education Trust
2	Gyandeep – supporting child education of nearby community and construction site	Education	Nagpur, Maharashtra	2,00,000	Direct expenditure: 1,89,000	1,89,000	NGO: Sahyadri Gramin Vikas

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	CSR project of activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (Amount in Rs.)	Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overhead (Amount in Rs.)	Cumulative expenditure upto the reporting period (Amount in Rs.)	Amount spent: Direct or through implementing agency*
3	Project Haryali – Tree Plantation of 300 nos	Environment	Nagpur, Maharashtra	2,37,000	Direct expenditure: 52,000	52,000	NGO: Yashodhara Bahuddeshiya Sangh
	<b>Total</b>			<b>8,75,000</b>	<b>6,79,000</b>	<b>6,79,000</b>	

\* Give details of implementing agency:

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

The Company has spent Rs. 6,79,000/- as against the required CSR expenditure of Rs. 8,75,000/- calculated in the manner prescribed in the Companies Act, 2013. Of the total unspent amount of Rs. 1,96,000, Rs. 1,85,000 was earmarked for Tree Plantation (Hariyali Campaign) in approved land and Rs. 11,000 was earmarked for running expense of Gyandeeep and renovation of the School. Considering the water shortage in the approved land, the Company was uncertain on the availability of water required to maintain the saplings which the Company would plant using the balance CSR Budget on Hariyali Campaign. Rs. 11,000 remained un-utilised towards Running expense of Gyandeeep and renovation of school as the same were not required by Gyandeeep in FY 15-16. As a result, the amount of Rs. 1,96,000 which was earmarked for aforesaid contribution remained unspent as on 31<sup>st</sup> March, 2016. The Board has approved that the unspent amount of Rs. 1,96,000, out of the minimum required CSR expenditure for FY 2015-16 be carried forward to the next year provided that the carried forward amount shall be over and above the next year's CSR allocation equivalent to atleast 2% of the average net profit of the Company of the immediately preceding three years.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.**

The Implementation and Monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

**Jayant Manmadkar**  
Chairman of the CSR Committee  
Mumbai, 18<sup>th</sup> April, 2016

**Anita Arjundas**  
Chairperson of the Board  
Mumbai, 18<sup>th</sup> April, 2016

## ANNEXURE 2

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

#### I. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

**“Board”** means Board of Directors of the Company.

**“Company”** means Mahindra Bebanco Developers Limited.

**“Committee(s)”** means Committees of the Board for the time being in force.

**“Employee”** means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

**“HR”** means the Human Resource department of the Company.

**“Key Managerial Personnel” (KMP)** refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

**“Nomination and Remuneration Committee” (NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

**“Senior Management”** means personnel of the Company who are / will be members of its Core Management Team / Executive Council excluding Board of Directors comprising of all members of management one level below the Executive Directors including the functional heads.

#### II. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of Director when Independent Director is to be appointed:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

2. Ability of the candidates to devote sufficient time and attention to his / her professional obligations as Director for informed and balanced decision making.

3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### III. REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### IV. SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Mumbai, 18<sup>th</sup> April, 2016

## **ANNEXURE 3**

### **POLICY FOR REMUNERATION OF THE DIRECTORS**

#### **I. Purpose**

This Policy sets out the approach to Compensation of Directors in Mahindra Bebanco Developers Limited.

#### **II. Policy Statement**

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### **III. NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation.

The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the shareholders resolution.

#### **IV. Executive Directors:**

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually / half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Mumbai, 18<sup>th</sup> April, 2016

## ANNEXURE 4

### POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

#### Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

#### Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July, i.e., after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end

of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60<sup>th</sup> percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - a) The increment that needs to be paid for different performance ratings as well as grades.
  - b) The increment for promotions and the total maximum increment.
  - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Mumbai, 18<sup>th</sup> April, 2016

**ANNEXURE 5**  
**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis:

NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship:- B.E. Billimoria & Co Ltd – Mr. Digant Kapadia is a common Director on the Boards of the Company and of B.E. Billimoria & Co Ltd. and holds more than 2% paid share capital of B.E. Billimoria & Co Ltd

(b) Nature of contracts/arrangements/transactions:- Principal Construction Contractor for Company's Residential Development project at MIHAN, Nagpur.

(c) Duration of the contracts/arrangements/transactions and Salient terms of the contracts or arrangements or transactions including the value, if any:- The

commencement date for the construction works is 18<sup>th</sup> October, 2011 and the completion date shall be 10<sup>th</sup> January 2017. The total cost of contract is Rs. 242 crore. Estimated salaeble area of the contract is 15,31,478 sqft.

(d) Date(s) of approval by the Board, if any:- 17<sup>th</sup> October, 2011

(e) Amount paid as advances, if any:

	Amount in Rs.	
Total Mobilization advance given against Bank Guarantee	Total Mobilization advance deducted	Total Mobilization advance outstanding
15,59,51,965	9,29,00,725	6,30,51,240

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Mumbai, 18<sup>th</sup> April, 2016



## ANNEXURE 6

### A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	: As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and removal i.e. the complete building life cycle. Steps taken for energy conservation: 1. Energy efficient building envelopes for walls and roofs 2. Energy efficient electronic ballast & all lighting system 3. Heat Reflective paint 4. Adoption of high efficient light fittings 5. Adoption of high efficient pumps, motors 6. Group control mechanism for lifts 7. CFL/LED lamps for common areas & pathways
(ii)	the steps taken by the company for utilising alternate sources of energy;	: None
(iii)	the capital investment on energy conservation equipments	: It is a mandate in our organisation to develop all the projects as green building projects. We don't capture these expenses separately under environmental protection expenditures/green investments. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for 1. use of energy efficient building envelopes 2. heat reflective paint, 3. low flow fixtures, 4. sewage treatment plant, 5. rain water harvesting system, 6. organic waste converter, 7. energy efficient equipments such as pumps and motors, etc.

### B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	: Around 25 technologies were studied, Out of those Two technologies viz. Aluminum Formwork (Mivan) and High Volume Fly ash Concrete for internal roads were used.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	: Major benefits of the technologies are – Increase in work speed, better finish Quality, better durability due to monolithic structures & less manpower requirement. Hence, reduction in cost.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	: (a) The details of technology imported – Aluminum Formwork (Mivan)
		: (b) The year of import – FY13-14 & FY14-15 (Aluminum Formwork - Mivan)
		: (c) Whether the technology been fully absorbed – Yes
		: (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof – NA
(iv)	the expenditure incurred on Research and Development	: NA

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Mumbai, 18<sup>th</sup> April, 2016

## ANNEXURE 7

### FORM NO. MGT - 9

#### EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016  
(PURSUANT TO SECTION 92(3) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014)

#### 1. REGISTRATION AND OTHER DETAILS:

1.	<b>CIN</b>	U45203MH2008PLC183107
2.	<b>Registration Date</b>	03/06/2008
3.	<b>Name of the Company</b>	Mahindra Bebanco Developers Limited
4.	<b>Category/Sub-Category of the Company</b>	Company limited by shares/ Indian Non-Government Company
5.	<b>Address of the Registered office and contact details</b>	Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018. Tel.: 022 67478600
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Not Applicable for Equity shares. For Non-Convertible Debentures: Sharepro Service (India) Pvt. Limited 13/AB, Samhita Warehousing Complex, Near Sakinaka Tel. Exchange, Andheri Kurla Road, Sakinaka, Andheri (E) Mumbai 400072. Telephone: 67720300, 67720400 Fax Number: 28591568, 28508927 Email id: sharepro@shareproservices.com

#### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1	Construction of Buildings	410	100%

\* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

# on the basis of Gross Turnover

#### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	70%	2(87)(ii)

The Company does not have any Subsidiary or Associate Company.

#### 4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a) Individuals/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	50,000	50,000	100.00	-	50,000	50,000	100.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Banks/FI	-	-	-	-	-	-	-	-	-
f. Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	50,000	50,000	100.00	-	50,000	50,000	100.00	0.00
<b>2. Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	50,000	50,000	100.00	-	50,000	50,000	100.00	0.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Bank/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	50,000	50,000	100.00	-	50,000	50,000	100.00	0.00

**(ii) Shareholding of Promoters**

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	34950	69.90	–	34950	69.90	–	0.00
2	B.E. Billimoria & Co. Ltd.	15000	30.00	–	15000	30.00	–	0.00
3	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.02	–	10	0.02	–	0.00
4	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.02	–	10	0.02	–	0.00
5	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.02	–	10	0.02	–	0.00
6	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.02	–	10	0.02	–	0.00
7	Mahindra Lifespace Developers Ltd Mr. Jayant Manmadkar	10	0.02	–	10	0.02	–	0.00

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the Shareholding of Promoter Group

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** Nil

**(v) Shareholding of Directors and Key Managerial Personnel:** Nil

**5. INDEBTNESS**

Indebtness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	25,00,00,000	30,21,41,835	–	55,21,41,835
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	16,90,574	7,03,13,856	–	7,20,04,430
<b>Total (i+ii+iii)</b>	<b>25,16,90,574</b>	<b>37,24,55,691</b>	<b>–</b>	<b>62,41,46,265</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	–	2,455,21,800	–	2,455,21,800
• Reduction	–	5,00,00,000	–	5,00,00,000
<b>Net Change</b>	<b>–</b>	<b>19,55,21,800</b>	<b>–</b>	<b>19,55,21,800</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	25,00,00,000	49,76,63,635	–	74,76,63,635
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	16,90,574	9,93,02,066	–	10,09,92,640
<b>Total (i+ii+iii)</b>	<b>25,16,90,574</b>	<b>59,69,65,701</b>	<b>–</b>	<b>84,86,56,275</b>

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

**B. Remuneration of other directors:**

(Amt in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amt.
		Mr. Rajendra Joshi	Mr. Jeet Kapadia	Mr. Jayant Manmadkar	Mr. Raghunath Murti	Ms. Anita Arjundas	Mr. Vijay Khetan	Mr. Digant Kapadia	Mr. Ramesh Rangana	
1.	Independent Directors									
	• Fee for attending board/ committee meetings *	-	-	-	1,10,000	-	1,10,000	-	-	2,20,000
	• Commission	-	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	-	-	-	-	-	-	-	-	-
2.	Other Non-Executive Directors									
	• Fee for attending board/ committee meetings	-	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-	-	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	-	<b>1,10,000</b>	-	<b>1,10,000</b>	-	-	<b>2,20,000</b>
	<b>Total (A)</b>	-	-	-	-	-	-	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-	-	-	-	-	-	-
	<b>Overall Ceiling as per the Act</b>	-	-	-	-	-	-	-	-	-

\* The Board at its meeting held on 16<sup>th</sup> April, 2015 had approved payment of sitting fees only to Independent Directors for every Board and Committee meetings except meeting of Corporate Social Responsibility Committee.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:** Not Applicable

**I) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act.	Brief description	Details of penalty/ Punishment/Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. Directors</b>					
<b>OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Mumbai, 18<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

### MAHINDRA BEBANCO DEVELOPERS LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of **MAHINDRA BEBANCO DEVELOPERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the

auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and cash flows for the year ended on that date.

#### Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of Sub-Section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to our best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner

Place: Mumbai  
Dated: 18<sup>th</sup> April, 2016

Membership Number: 044784

## ANNEXURE TO THE AUDITOR'S REPORT

**Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Bebanco Developers Limited for the year ended 31<sup>st</sup> March, 2016**

- 1) (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
  - (iii) The title deeds of immovable properties are held in the name of the Company.
- 2) The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores and spares. Hence para 3(ii) of the Order is not applicable to the Company.
- 3) According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanation given to us the Company has not given any loans and guarantees under Sections 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of para 3(iv) of the Order are not applicable to the Company.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Companies Act, 2013, and the rules framed thereunder.
- 6) As informed to us, the maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 7) (i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it. The provisions of Excise Duty are not applicable to the operations of the Company.
  - (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year end for a period of more than six months from the date they became payable.
- 8) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or repayment of dues to debenture holders.
- 9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which those are raised.
- 10) Based on the audit procedures performed and as per the information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the year.
- 11) No managerial remuneration has been paid or provided during the year as per the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- 12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
- 13) According to the information and explanations given to us all transactions with related parties during the year are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence provisions of para 3(xiv) of the Order are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence provisions of para 3(xv) are not applicable to the Company.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence provisions of para 3(xvi) of the Order are not applicable to the Company.

**For B. K. Khare & Co.**

Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner

Place: Mumbai

Dated: 18<sup>th</sup> April, 2016

Membership Number: 044784



## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA BEBANCO DEVELOPERS LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAHINDRA BEBANCO DEVELOPERS LIMITED** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Control

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of **B. K. Khare & Co.**

Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner

Place: Mumbai  
Dated: 18th April, 2016

Membership Number: 044784

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note	Current Year ₹	Previous Year ₹
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital.....	3	5,00,000	5,00,000
Reserves and surplus.....	4	8,29,72,807	6,37,71,223
		<b>8,34,72,807</b>	<b>6,42,71,223</b>
<b>Non-Current liabilities</b>			
Long term borrowings.....	5	25,21,41,835	50,21,41,835
		<b>25,21,41,835</b>	<b>50,21,41,835</b>
<b>Current Liabilities</b>			
Short term Borrowings.....	6	23,31,51,848	12,90,19,653
Trade Payables.....	7	48,22,19,360	36,99,99,846
Other current liabilities.....	8	44,63,89,053	22,18,57,789
Short term provisions.....	9	44,00,649	32,57,566
		<b>1,16,61,60,909</b>	<b>72,41,34,853</b>
<b>Total</b> .....		<b>1,50,17,75,551</b>	<b>1,29,05,47,911</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible assets.....	10	1,94,03,748	2,46,68,824
		<b>1,94,03,748</b>	<b>2,46,68,824</b>
Other Non Current Assets.....	11	2,79,33,396	2,54,77,800
Deferred Tax Assets (Net) .....	12	23,35,373	8,44,071
		<b>4,96,72,517</b>	<b>50,990,694</b>
<b>Current assets</b>			
Inventories .....	13	73,41,60,245	75,06,94,749
Trade receivables .....	14	5,00,65,942	9,19,24,205
Cash and Cash Equivalents .....	15	5,08,13,740	1,29,12,617
Short term loans and advances .....	16	24,40,01,891	14,23,18,927
Other current assets.....	17	37,30,61,214	241,706,719
		<b>1,45,21,03,034</b>	<b>1,239,557,217</b>
<b>Total</b> .....		<b>1,50,17,75,551</b>	<b>1,29,05,47,911</b>

See accompanying notes forming part of the Financial Statements

1 to 28

In terms of our report attached

For and on behalf of the Board of Directors

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

Place : Mumbai  
Date : 18<sup>th</sup> April, 2016

<b>Anita Arjundas</b>	Director	(DIN: 00243215)
<b>Ranganathan Ramesh</b>	Director	(DIN: 03118598)
<b>Jayant Manmadkar</b>	Director	(DIN: 03044559)
<b>Digant Kapadia</b>	Director	(DIN: 00021310)
<b>Raghunath Murti</b>	Director	(DIN: 00082761)
<b>Vijay Khetan</b>	Director	(DIN: 00465161)

Place : Mumbai  
Date : 18<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note	Current Year ₹	Previous Year ₹
<b>REVENUE</b>			
Income from Operations .....		<b>56,64,51,427</b>	80,95,26,062
Other Income .....	<b>18</b>	<b>56,88,997</b>	17,89,643
<b>EXPENDITURE</b>			
Operating Expenses .....	<b>19</b>	<b>45,55,66,433</b>	58,04,35,211
Employee benefits .....	<b>20</b>	<b>87,24,620</b>	70,51,193
Finance costs.....	<b>21</b>	-	-
Depreciation.....	<b>10</b>	<b>62,19,149</b>	56,71,831
Administrative & Other expenses.....	<b>22</b>	<b>7,29,19,940</b>	6,61,79,631
		<b>54,34,30,142</b>	65,93,37,865
<b>Profit before tax</b> .....		<b>2,87,10,282</b>	15,19,77,840
<b>Less: Tax expense</b>			
- Current tax.....		<b>1,10,00,000</b>	3,30,00,000
- Deferred tax.....		<b>(14,91,302)</b>	(8,44,071)
<b>Profit for the period</b> .....		<b>1,92,01,584</b>	11,98,21,911
<b>Profit for the year</b> .....		<b>1,92,01,584</b>	11,98,21,911
<b>Earnings per equity share:</b>			
Basic and diluted.....		<b>384.03</b>	2,396.44

See accompanying notes forming part of the Financial Statements

**1 to 28**

In terms of our report attached

For and on behalf of the Board of Directors

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

Place : Mumbai  
Date : 18<sup>th</sup> April, 2016

<b>Anita Arjundas</b>	Director	(DIN: 00243215)
<b>Ranganathan Ramesh</b>	Director	(DIN: 03118598)
<b>Jayant Manmadkar</b>	Director	(DIN: 03044559)
<b>Digant Kapadia</b>	Director	(DIN: 00021310)
<b>Raghunath Murti</b>	Director	(DIN: 00082761)
<b>Vijay Khetan</b>	Director	(DIN: 00465161)

Place : Mumbai  
Date : 18<sup>th</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Current Year ₹	Previous Year ₹
<b>A. Cash flow from operating activities</b>		
Profit before tax .....	2,87,10,282	15,19,77,840
<b>Adjustments for:</b>		
Depreciation.....	62,19,149	56,71,831
Operating loss before working capital changes .....	3,49,29,431	15,76,49,670
<b>Changes in working capital:</b>		
<i>Adjustments in operating assets</i>		
(Increase)/decrease in short term loans and advances.....	(10,16,82,964)	(3,70,32,480)
(Increase)/decrease in inventories .....	1,65,34,504	12,93,20,320
(Increase)/decrease in trade receivable.....	4,18,58,262	6,16,15,552
(Increase)/decrease in long term loans and advances.....	(24,55,596)	(9,85,000)
(Increase)/decrease in other current assets .....	(13,13,54,496)	(22,43,75,090)
<i>Adjustments in operating liabilities</i>		
Increase/(decrease) in other current liabilities.....	(4,82,46,210)	(5,85,29,542)
Increase/(decrease) in trade payables.....	11,22,19,514	(2,61,29,305)
	(11,31,26,987)	(15,61,15,546)
Cash (used in) operations.....	(7,81,97,556)	15,34,124
Taxes paid.....	1,29,20,557	2,42,79,424
Net cash (used in) operating activities.....	(6,52,76,998)	2,58,13,548
<b>B. Cash flow from investing activities:</b>		
(Purchase)/Sale of fixed assets .....	(9,54,074)	(1,09,59,921)
Net cash from investing activities .....	(9,54,074)	(1,09,59,921)
<b>C. Cash flow from financing activities:</b>		
Proceeds from borrowings.....	15,41,32,195	38,26,31,256
Repayment of borrowings.....	(5,00,00,000)	(40,00,00,000)
Net cash from financing activities.....	10,41,32,195	(1,73,68,744)
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<b>3,79,01,123</b>	<b>(25,15,117)</b>
<b>Cash &amp; cash equivalents</b>		
Opening balance .....	1,29,12,617	1,54,27,734
Closing balance .....	5,08,13,740	1,29,12,617
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<b>3,79,01,123</b>	<b>(25,15,117)</b>
<b>Cash &amp; Cash equivalents comprise of:</b>		
Cash on Hand.....	760	157
Balance with Banks .....	5,08,12,980	1,29,12,460
<b>TOTAL.....</b>	<b>5,08,13,740</b>	<b>1,29,12,617</b>

See accompanying notes forming part of the Financial Statements

1 to 28

In terms of our report attached

For and on behalf of the Board of Directors

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

Place : Mumbai

Date : 18<sup>th</sup> April, 2016

<b>Anita Arjundas</b>	Director	(DIN: 00243215)
<b>Ranganathan Ramesh</b>	Director	(DIN: 03118598)
<b>Jayant Manmadkar</b>	Director	(DIN: 03044559)
<b>Digant Kapadia</b>	Director	(DIN: 00021310)
<b>Raghunath Murti</b>	Director	(DIN: 00082761)
<b>Vijay Khetan</b>	Director	(DIN: 00465161)

Place : Mumbai

Date : 18<sup>th</sup> April, 2016

**NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016****1 CORPORATE INFORMATION**

The company is engaged in the business of development of residential complexes in MIHAN at Nagpur. Based on the nature of activity carried out by the Company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current - Non Current classification of assets & liabilities.

**2 SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2.2 Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable.

**2.3 Inventories**

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

**2.4 Fixed Assets**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre operation expenses and interest in case of construction.

The carrying amount of cash generating units/assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower.

Lease hold improvements are amortised over the period of lease/estimated period of lease.

Sales office & the sample flat/show unit cost is amortised over a period of 5 years.

**2.5 Revenue**

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Revenues from real estate projects are recognised only when the actual construction and development costs incurred is at least 25% of the total estimated construction and development costs excluding land and when at least 10% of the sales consideration is realised and atleast 25% of total area is sold.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, in case of projects commencing on or after 1<sup>st</sup> April, 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1<sup>st</sup> April, 2012, revenues will be recognized from these real estate projects only when

- i. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- ii. when at least 10% of the sales consideration is realised and
- iii. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

Interest income is accounted on accrual basis of contracted rates except where there is uncertainty of ultimate collection.

Dividend income is recognised when the right to receive the same is established.

**2.6 Investments**

Investments are classified into long term and current investments.

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

**2.7 Employee benefits**

In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

**2.8 Provision for Taxation**

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

**2.9 Impairment of assets**

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

**NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**2.10 Provisions and Contingent Liabilities**

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**2.11 Borrowing Costs**

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

**3 Share Capital**

**Authorised**

50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up

Current Year      Previous Year  
₹                              ₹

5,00,000              5,00,000

**Issued, subscribed and paid up.**

50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up

5,00,000              5,00,000  
5,00,000              5,00,000

a. 35,000 equity shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

There has been no movement in the equity share capital during the year.

b. **Terms/Rights attached to Equity Shares**

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

c. Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the Company:

	Current Year		Previous Year	
	No of Shares	Value of Shares ₹	No of Shares	Value of Shares ₹
<b>Holding Company (70%)</b> Mahindra Lifespace Developers Limited Equity	35,000	3,50,000	35,000	3,50,000
B. E. Billimoria & Co. Limited (30%) Equity	15,000	1,50,000	15,000	1,50,000

Current Year      Previous Year  
₹                              ₹

**4 Reserves & Surplus**

**A. Surplus/(Deficit) in the Statement of Profit & Loss:**

Opening balance

12,71,223              (6,74,82,837)

Add: Profit/(Loss) for the Current Year

1,92,01,584              11,98,21,911

2,04,72,807              5,23,39,074

Less: Transfer to Debenture Redemption Reserve (Refer Note 4a)

-                              (5,10,67,851)

Current Year      Previous Year  
₹                              ₹

**Net Statement of Profit & Loss Surplus/(Deficit)**

2,04,72,807              12,71,223

**B. Debenture Redemption Reserve:**

Opening balance

6,25,00,000              1,14,32,149

Add: Transfer from Statement of Profit and Loss

-                              5,10,67,851

**Net Balance in Debenture Redemption Reserve**

6,25,00,000              6,25,00,000

Closing Balance (A+B)

8,29,72,807              6,37,71,223

a. Debenture Redemption Reserve has been created to the extent of 25% of NCD issued.

Current Year      Previous Year  
₹                              ₹

**5 Long Term Borrowings**

**Secured**

25 Secured Non Convertible Debentures of face Value of ₹ 1,00,00,000/- each

-                              25,00,00,000

**Unsecured**

Loan from related parties

25,21,41,835              25,21,41,835

25,21,41,835              50,21,41,835

a. The debentures are for tenure of 24 months and are payable on the date of redemption.

b. **RATE OF INTEREST** : Coupon Rate is 11.25% per annum, compounded semi-annually. Interest payment is semi-annually. (for NCD).

c. **SECURITY** : The above Non Convertible Debentures are secured by First pari passu charge by way of mortgage on the Property/Project and second charge over escrow of receivables from the project.

d. The company has not defaulted in repayment of interest and principal.

e. Loan from related parties carries a coupon rate of 12.75% p.a. and is repayable on demand.

Current Year      Previous Year  
₹                              ₹

**6 Short Term Borrowings**

**Secured**

Cash Credit Facility

3,76,30,048              12,90,19,653

(The above facility is secured by First pari passu charge by way of mortgage on the Property / Project and second charge over escrow of receivables from Project Rate of interest is base rate plus 1% (presently 10.5% p.a)

**Unsecured**

Commercial Papers

19,55,21,800              -

23,31,51,848              12,90,19,653

**NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Current Year ₹	Previous Year ₹
<b>7 Trade Payables</b>		
Trade Payables - Micro & Small Enterprises	-	-
Trade Payables - Others		
Contractual expenses payable	5,91,71,073	3,62,37,007
Accrued Expenses	37,60,45,704	33,23,53,937
Other Trade Payable	4,70,02,582	14,08,902
	<u>48,22,19,360</u>	<u>36,99,99,846</u>

Based on the information available with the Company there are no outstandings in respect of Micro, Small and Medium Enterprises as of Balance Sheet date.

	Current Year ₹	Previous Year ₹
<b>8 Other current Liabilities</b>		
Advances from customers	2,18,75,406	7,45,37,762
Interest accrued but not due	10,09,92,640	7,20,04,430
Current maturities of long-term debt	30,00,00,000	5,00,00,000
Provision for Current Tax	-	1,17,14,185
Other liabilities	2,35,21,007	1,36,01,412
	<u>44,63,89,053</u>	<u>22,18,57,789</u>

**10 Fixed Assets**

Description of Assets	Gross Block			Depreciation			Net Block	
	As at 1 <sup>st</sup> April, 2015	Additions	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the year	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Tangible Assets</b>								
Lease Hold Improvement	2,55,22,670	-	2,55,22,670	56,73,529	49,95,826	1,06,69,355	1,48,53,315	1,98,49,141
Computers	19,71,410	6,63,246	26,34,655	10,37,544	5,56,922	15,94,465	10,40,190	9,33,866
Furniture & Fixture	37,09,864	69,500	37,79,364	7,00,617	3,35,403	10,36,020	27,43,344	30,09,247
Office Equipment	14,77,140	2,21,328	16,98,468	6,00,570	3,30,998	9,31,568	7,66,900	8,76,570
<b>Total</b>	3,26,81,083	9,54,074	3,36,35,157	80,12,259	62,19,149	1,42,31,409	1,94,03,748	2,46,68,824
Previous year	2,17,21,162	1,09,59,921	3,26,81,083	23,40,429	56,71,831	80,12,259	2,46,68,824	1,93,80,734

	Current Year ₹	Previous Year ₹
<b>11 Other Non Current Assets</b>		
<b>Security Deposits</b>	2,39,78,396	2,15,22,800
Bank Balances		
Long term deposits (margin money) with banks having maturity more than 12 months	39,55,000	39,55,000
	<u>2,79,33,396</u>	<u>2,54,77,800</u>

	Current Year ₹	Previous Year ₹
<b>12 Deferred Tax Assets</b>		
<b>Deferred Tax Assets</b>		
Relating to:		
Difference between book & tax depreciation	19,56,766	7,98,513
Expenses allowable on actual payment	3,78,607	45,558
	<u>23,35,373</u>	<u>8,44,071</u>

- a The current maturity of long term debt of ₹ 50,000,000 represent 366 day Unsecured loan availed during the year at an interest rate of 11.40% repayable on 20<sup>th</sup> June, 2016.
- b The current maturity of long term debt of ₹ 250,000,000 represents secured non convertible debetures carrying a coupon rate of 11.25% per annum, compounded semi-annually. Interest payment is semi annual.
- c The above Non Convertible Debentures are secured by First pari passu charge by way of mortgage on the Property/Project and second charge over escrow of receivables from the project

	Current Year ₹	Previous Year ₹
<b>9 Short Term Provisions</b>		
Provision for Employee Benefits		
Compensated absences	9,92,774	6,13,308
Provision for Gratuity	10,37,133	8,62,671
Others	23,70,742	17,81,587
	<u>44,00,649</u>	<u>32,57,566</u>

	Current Year ₹	Previous Year ₹
<b>13 Inventories (valued at lower of cost and net realisable value)</b>		
Construction Work in progress	73,41,60,245	75,06,94,749
	<u>73,41,60,245</u>	<u>75,06,94,749</u>

Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

**NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
<b>14 Trade Receivable</b>			<b>18 Other Income</b>		
<b>Trade Receivables outstanding for less than six months</b>			Transfer Fee & Cancellation		
Secured, considered good	4,20,78,697	4,94,36,961	Charges received from Customer	9,39,364	11,79,706
Unsecured, considered good	-	-	Interest on Delayed Payment	47,49,633	6,09,937
	<u>4,20,78,697</u>	<u>4,94,36,961</u>		<u>56,88,997</u>	<u>17,89,643</u>
Less: Provision for doubtful debts	-	-	<b>19 Operating Expenses</b>		
(A)	<u>4,20,78,697</u>	<u>4,94,36,961</u>	Opening Work In Progress		
<b>Trade Receivables outstanding for more than six months</b>			01.04.2015	75,06,94,749	88,00,15,069
Secured, considered good	79,87,245	4,24,87,243	Add : CONSUMPTION DURING		
Unsecured, considered good	-	-	01.04.2015 - 31.03.2016		
Less: Provision for doubtful debts	-	-	Architect Fees	-	88,78,773
(B)	<u>79,87,245</u>	<u>4,24,87,243</u>	Stamp Duty	24,000	10,00,000
(A+B)	<u>5,00,65,942</u>	<u>9,19,24,205</u>	Interest on loan from related parties	3,22,14,269	3,21,48,092
			Interest on Debentures	2,81,59,106	4,00,81,405
			Interest On Term Loans - Rupee Loans	1,18,83,875	-
			Interest on Cash Credit	1,67,52,164	1,42,39,011
			Employee, Remuneration & Staff Welfare Expenses	1,33,54,766	69,22,806
			Civil Work	32,53,79,757	33,97,83,719
			Liasoning/Statutory Fees	33,67,791	-
			Electrical Work	2,89,627	2,06,20,865
			Fabrication Work	1,20,748	-
			Security Services	31,89,475	-
			Service Tax Cenvat Credit	(1,03,05,751)	(1,04,28,405)
			Land Development	1,51,50,608	-
			Professional Charges	14,46,637	17,16,872
			Other Expenses	9,50,088	-
			Miscellaneous Expenses	5,00,000	6,90,156
			Other Income	(63,799)	-
			Interest on FD	(33,81,431)	(25,64,020)
			Profit on redemption of Mutual Fund	-	(8,44,718)
			Divident Income - Mutual Fund	-	(11,29,666)
			Total Consumption		
			01.04.2015 - 31.03.2016	43,90,31,930	45,11,14,891
			Less : Closing wip 31.03.2016	73,41,60,245	75,06,94,749
				<u>45,55,66,433</u>	<u>58,04,35,211</u>
<b>15 Cash and Cash Equivalents</b>			<b>20 Employee Benefits Expenses</b>		
<b>Cash on Hand</b>	760	157	Salaries, allowances & Bonus	2,08,79,386	1,19,45,631
Balances with banks			Staff welfare expenses	12,00,000	20,28,368
On Current Accounts	1,33,12,980	1,29,12,460		<u>2,20,79,386</u>	<u>1,39,73,999</u>
On Deposit Accounts having maturity of less than 12 months	3,75,00,000	-	Less: Allocated to Projects	(1,33,54,766)	(69,22,806)
	<u>5,08,13,740</u>	<u>1,29,12,617</u>		<u>87,24,620</u>	<u>70,51,193</u>
<b>16 Short Term Loans and advances</b>			<b>21 Finance Cost</b>		
<b>Loans &amp; Advances</b>			Interest on loan from related parties	3,22,14,269	3,21,48,092
- Considered good			Interest on Debentures	2,81,59,106	4,00,81,405
Mobilisation advance given to vendors	6,30,51,240	7,06,81,187	Interest on Term Loans - Rupee Loans	1,18,83,875	-
Other advances	14,59,21,025	4,01,05,594	Interest on Cash Credit	1,67,52,164	1,42,39,011
Interest Accrued on Fixed Deposits	31,02,951	8,50,971	Less: Allocated to Projects	(8,90,09,414)	(8,64,68,508)
Advance Tax	32,89,440	-		<u>-</u>	<u>-</u>
Cenvat Credit (Service Tax)	2,86,37,235	3,06,81,175			
- Considered doubtful	-	-			
	<u>24,40,01,891</u>	<u>14,23,18,927</u>			
<b>Less : Provision for doubtful loans &amp; advances</b>	-	-			
	<u>24,40,01,891</u>	<u>14,23,18,927</u>			
	<u>24,40,01,891</u>	<u>14,23,18,927</u>			
<b>17 Other Current Assets</b>					
Unbilled Revenue	36,25,91,520	23,12,38,485			
Others	1,04,69,694	1,04,68,233			
	<u>37,30,61,214</u>	<u>24,17,06,718</u>			



**NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Current Year ₹	Previous Year ₹
<b>22 Administration &amp; Other Expenses</b>		
Repairs and Maintenance		
- Buildings	-	-
- Others	36,09,568	17,22,149
Legal and Professional Fee	2,32,24,145	3,94,67,454
Advertisement and Marketing Expenses	1,50,41,007	91,66,385
Compensation to customers	1,39,56,699	-
Brokerage	52,27,438	64,30,492
Remuneration to auditors:		
Statutory Audit Fees	6,50,000	5,61,800
Tax Audit Fees	75,000	73,034
Other Services	1,00,000	2,24,720
Miscellaneous expenses	89,36,083	43,33,597
Defect Liability Expenses	21,00,000	42,00,000
	<u>7,29,19,940</u>	<u>6,61,79,631</u>

The Movement in the defect liability expense provision is summarised below:

Balance, beginning of the year	72,00,000
Provision during the year	21,00,000
Utilisation during the year	-
Balance, end of the year	93,00,000

**23** In respect of real estate projects under long term contracts, determination of profits/ losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects/activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

	Current Year ₹	Previous Year ₹
<b>24 Employee benefits</b>		
<b>Gratuity:</b>		
<b>a Principal Actuarial Assumptions</b>		
<b>Particulars</b>		
Discount rate	7.80%	7.80%

	Current Year ₹	Previous Year ₹
<b>b Reconciliation of Benefit Obligation</b>		
<b>Change in defined benefit obligations (DBO)</b>		
Present value of DBO at beginning of the year	8,62,671	6,26,806
Current service cost	2,26,861	2,10,511
Interest cost	67,288	57,039
Actuarial (gains)/losses	(1,19,657)	(31,685)
Benefits paid	-	-
<b>Present value of DBO at the end of the year</b>	<u>10,37,133</u>	<u>8,62,671</u>

	Current Year ₹	Previous Year ₹
<b>c Expenses recognised in the statement of profit and loss for the year ended 31 March 2016:</b>		
<b>Components of employer expense</b>		
Current service cost	2,26,831	2,10,511
Interest cost	67,288	57,039
Actuarial losses/(gains)	(1,19,657)	(31,685)
<b>Total expense recognised in the statement of profit and loss</b>	<u>1,74,462</u>	<u>2,35,865</u>

	Current Year ₹	Previous Year ₹
<b>d Experience adjustment on plan liabilities (loss)/gain</b>		
<b>Particulars</b>		
<b>Net asset/(liability) recognised in the balance sheet</b>		
Present value of defined benefit obligation	10,37,133	8,62,671
Fair value of plan assets	-	-
Funded status [surplus/(deficit)]	(10,37,133)	(8,62,671)
Unrecognised past service costs	-	-
Experience adjustment on plan liabilities (loss)/gain	1,19,757	70,620
<b>Net asset/(liability) recognised in the balance sheet</b>	<u>(10,37,133)</u>	<u>(8,62,671)</u>

**25 Related party transactions**

a	Description of relationship	Names of related parties
	Ultimate Holding Company	Mahindra & Mahindra Limited
	Holding Company	Mahindra Lifespaces Developers Limited
	Associate Company	B.E. Billimoria & Co. Ltd

Note: Related parties have been identified by the Management.

Details of related party transactions and balances outstanding as at 31<sup>st</sup> March, 2016:

**b Nature of transactions:**

	Holding company		Associate Company	
	Current Year	Previous Year	Current Year	Previous Year
Purchase of services	2,12,71,624	4,53,55,066	21,58,42,515	39,22,50,403
Inter corporate deposit taken	-	-	-	-
Interest on inter corporate deposit	2,25,44,486	2,24,98,174	96,69,783	96,49,918
Net Payable	30,42,45,637	26,18,33,111	(10,28,23,969)	(1,34,06,496)

**26 Earnings Per share**

	Current Year	Previous Year
Net (loss) after tax	1,92,01,584	11,98,21,911
Weighted average number of Equity shares (Nos.)	50,000	50,000
Nominal value of shares	10	10
Basic and Diluted Earnings/(loss) per share	384.03	2,396.44

**27** The Company operates in one segment namely project and development activity.

**28** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of  
**B. K. Khare & Co.**

Chartered Accountants  
Firm Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

Place : Mumbai  
Date : 18<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Anita Arjundas** Director (DIN: 00243215)  
**Ranganathan Ramesh** Director (DIN: 03118598)  
**Jayant Manmadkar** Director (DIN: 03044559)  
**Digant Kapadia** Director (DIN: 00021310)  
**Raghunath Murti** Director (DIN: 00082761)  
**Vijay Khetan** Director (DIN: 00465161)

Place : Mumbai  
Date : 18<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Sixth report together with the audited financial statement of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income	7,52,400	2,94,690
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	6,94,661	2,47,334
Less: Depreciation	-	-
Profit/(Loss) Before Finance Cost and Taxation	6,94,661	2,47,334
Less: Finance Cost	-	-
Profit/(Loss) Before Taxation	6,94,661	2,47,334
Less: Provision for Taxation	2,14,650	-
Profit/(Loss) for the year after Taxation	4,80,011	2,47,334
Add: Balance of Profit/(Loss) for earlier years	649	(2,46,684)
Balance carried forward	4,80,660	649

### DIVIDEND

With a view to conserve the resources of the Company for its growth plan, no dividend has been recommended by the Directors for the financial year 2015-16.

### RESERVES

Profit for the year has been carried forward to P & L account and no amount has been transferred to Reserves.

### OPERATIONS

During the year, the Company reviewed various proposals to undertake residential developments. The Company is evaluating suitable opportunities in this area.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

### SHARE CAPITAL

Authorised equity share capital of the Company is ₹ 10 lakh and Paid-up equity share capital of the Company is ₹ 5 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

### NON-CONVERTIBLE DEBENTURES

During the year, the Company has not issued/allotted any non-convertible debentures.

### NETWORTH

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was ₹ 5,00,649 and ₹ 9,80,660 respectively.

### HOLDING COMPANY

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of the Company. Therefore the requirements of consolidated financial statement are not applicable to the Company.

### BOARD OF DIRECTORS

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of the following:

Name of Director	DIN	Designation
Mr. Jayantt Manmadkar	03044559	Chairman, Non-Executive Non-Independent Director
Mr. Ramesh Ranganathan	03118598	Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Additional Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayantt Manmadkar (DIN: 03044559), a Non-Executive and Non-Independent Director retires by rotation at the 6<sup>th</sup> Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Jayantt Manmadkar is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 161 of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, the Board of Directors at its meeting held on 26<sup>th</sup> October, 2015 had appointed Mr. Suhas Kulkarni (DIN: 00003936) as the Additional Non-Executive Non-Independent Director of the Company with effect from 26<sup>th</sup> October, 2015. In terms of the said Section and Articles of Association of the Company, Mr. Suhas Kulkarni holds office upto the date of forthcoming Annual General Meeting.

The Board is of the view that Mr. Suhas Kulkarni's knowledge and experience will be of benefit and value to the Company, and therefore, it is proposed to appoint Mr. Suhas Kulkarni as Director of the Company at the ensuing Annual General Meeting of the Company. Pursuant to Section 160 of the Act, the Company has received a notice from shareholder along with prescribed deposit proposing candidature of Mr. Suhas Kulkarni as a Director of the Company.

Accordingly, appointment of Mr. Suhas Kulkarni as a Director of the Company is proposed at the ensuing Annual General Meeting for shareholders' approval.

All the above Directors are not disqualified from being appointed/re-appointed as Directors by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Mr. Rajan Narayan, effective 26<sup>th</sup> October, 2016, resigned from the Board due to pre-occupation. The Board puts on record its sincere appreciation for the valuable services rendered by him during his tenure.

#### KEY MANAGERIAL PERSONNEL

As the Company does not meet threshold limit for the paid-up share capital, the provisions of Section 203 of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

#### AUDIT COMMITTEE

As the Company does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

#### NOMINATION & REMUNERATION COMMITTEE

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules

made thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

#### MEETINGS

During the year, four Board Meetings were convened and held on 16<sup>th</sup> April, 2015, 21<sup>st</sup> July, 2015, 26<sup>th</sup> October, 2015, and 25<sup>th</sup> January, 2016.

Sr. No.	Name of the Director	No of Board meetings attended
1.	Mr. Jayantt Manmadkar	4
2.	Mr. Ramesh Ranganathan	4
3.	Mr. Suhas Kulkarni (Appointed w.e.f. 26 <sup>th</sup> October, 2015)	2
4.	Mr. Rajan Narayan (Resigned w.e.f. 26 <sup>th</sup> October, 2015)	2

The previous Annual General Meeting of the Company was held on 21<sup>st</sup> July, 2015.

#### CODE OF CONDUCT

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2016 and of the profit of the Company for that period;
- they had 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;
- they had prepared the annual accounts on a going concern basis; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to the financial statement. The Board reviews the internal control systems with the auditors.

## **VIGIL MECHANISM**

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

## **RISK MANAGEMENT**

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company.

## **AUDITORS**

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number: 105102W), were appointed as auditors for a term of five consecutive years from the conclusion of the 4<sup>th</sup> Annual General Meeting till the conclusion of the 9<sup>th</sup> Annual General Meeting to be held in the calendar year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 6<sup>th</sup> Annual General Meeting till the conclusion of 9<sup>th</sup> AGM to be held in 2019.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as the Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

## **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contract/arrangement/transaction with related parties which could be considered material are given in **Annexure 1** in the form AOC-2. The Directors draw attention to Note no. 11 to the financial statement which sets out details of transactions with related parties.

## **DEPOSITS, LOANS AND ADVANCES**

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 2** to this report.

## **EMPLOYEE REMUNERATION**

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 3** and forms part of this Report.

## **GENERAL**

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder.
- No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

**CAUTIONARY STATEMENT:**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

**ACKNOWLEDGMENT**

The Directors are thankful to all consultants, and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

**Jayant Manmadkar**

Chairman

DIN: 03044559

Mumbai, 25<sup>th</sup> April, 2016

**ANNEXURE 1****FORM NO. AOC-2**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:
  - a) Name(s) of the related party and nature of relationship:- Mahindra Homes Private Limited – Mr. Ramesh Ranganathan a common Director on the Board of the Company and Mahindra Homes Private Limited.
  - b) Nature of contracts/arrangements/transactions:- Leave and Licence Agreement.
  - c) Duration of the contracts/arrangements/transactions and salient terms of the contracts or arrangements or transactions including the value, if any: The arrangement is for use of vacant plot of land for five terms of eleven months each for a monthly consideration of ₹ 62,700/-.
  - d) Date(s) of approval by the Board, if any: 13<sup>th</sup> October, 2014.
  - e) Amount received as advances, if any: ₹ 27,19,910/-

For and on behalf of the Board,

**Jayant Manmadkar**  
Chairman  
DIN : 03044559

Mumbai, 25<sup>th</sup> April, 2016

**ANNEXURE 2****A. CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy	:	The Company is looking out for a suitable opportunity in the Real Estate Development and adequate Energy Conservation measures will be undertaken at an appropriate time.
(ii)	the steps taken by the Company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

**B. TECHNOLOGY ABSORPTION**

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

**Jayant Manmadkar**  
Chairman  
DIN : 03044559

Mumbai, 25<sup>th</sup> April, 2016

**ANNEXURE 3****FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31<sup>st</sup> March, 2016**

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

**1. REGISTRATION AND OTHER DETAILS:**

1.	CIN	U70109MH2010PLC203619
2.	Registration Date	02/06/2010
3.	Name of the Company	Anthurium Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil

\* As per National Industrial Classification – Ministry of Statistics and Programme Implementation.

# During the year under review, the Company had no turnover. During the year, the Company reviewed various proposals to undertake residential developments. The Company is evaluating suitable opportunities in this area.

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	100	2(46)
2	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

**4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100	–	50,000	50,000	100	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	-	50,000	50,000	100	-	50,000	50,000	100	-
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	50,000	50,000	100	-	50,000	50,000	100	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A + B + C)</b>	-	50,000	50,000	100	-	50,000	50,000	100	-



**(ii) Shareholding of Promoters**

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	49,940	100.00	0.00	49,940	100.00	0.00	0.00
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	0.00	10	0.00	0.00	0.00
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.00	0.00	10	0.00	0.00	0.00
4	Mahindra Lifespace Developers Ltd & Mr. Rajan Narayan	10	0.00	0.00	10	0.00	0.00	0.00
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.00	0.00	10	0.00	0.00	0.00
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.00	0.00	10	0.00	0.00	0.00
7	Mahindra Lifespace Developers Ltd & Mr. Jayantt Manmadkar	10	0.00	0.00	10	0.00	0.00	0.00

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the Shareholding of Promoter Group

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** Nil

**(v) Shareholding of Directors and Key Managerial Personnel:**

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Suhas Kulkarni – Director</b> At the beginning of the year	10*	0.00	10*	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00
<b>Jayantt Manmadkar – Director</b> At the beginning of the year	10*	0.00	10*	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

**Note:**

\* Jointly with Mahindra Lifespace Developers Limited (first shareholder).

**5. INDEBTEDNESS****Indebtedness of the Company including outstanding/accrued but not due for payment**

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable****B. Remuneration of other Directors: Nil****C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director: Not Applicable****7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board,

**Jayant Manmadkar**

Chairman

DIN : 03044559

Mumbai, 25<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ANTHURIUM DEVELOPERS LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Anthurium Developers Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and cash flows for the year ended on that date.

#### Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of Sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".

- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number : 105102W

**Himanshu Chapsey**  
Partner  
Membership Number : 105731

Place: Mumbai  
Dated: 25<sup>th</sup> April, 2016

**ANNEXURE “A” TO THE AUDITOR’S REPORT**

**Referred to in paragraph 9 of our report of even date on the accounts of Members of Anthurium Developers Limited for the year ended 31<sup>st</sup> March, 2016**

- 1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.
- 2) The Company’s inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores, and spares. Hence para 3(ii) of the Order is not applicable to the Company.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
- 4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Section 73 to 76 of the Act and the Rules framed thereunder.
- 6) We have been informed that the Central Government has not prescribed maintenance of Cost records under Section 148(1) of the Act.
- 7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on March 31, 2016, for a period of more than 6 months from the date they become payable.  
ii) There are no disputed dues outstanding as on 31<sup>st</sup> March, 2016 on account of sales tax, customs duty, income tax, excise duty, service tax, wealth tax and cess.
- 8) The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(viii) of the Order are not applicable to the Company.
- 9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). The Company has not obtained any term loans during the year ended 31<sup>st</sup> March, 2016.
- 10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- 11) No managerial remuneration has been paid or provided during the year as per the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- 12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
- 13) According to the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm’s Registration Number : 105102W

**Himanshu Chapsey**  
Partner  
Membership Number : 105731

Place: Mumbai  
Dated: 25<sup>th</sup> April, 2016

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ANTHURIUM DEVELOPERS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Anthurium Developers Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm’s Registration Number : 105102W

**Himanshu Chapsey**  
Partner  
Membership Number : 105731

Place: Mumbai  
Dated: 25<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note Ref	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital.....	3	5,00,000	5,00,000
Reserves and surplus.....	4	4,80,660	649
		<u>9,80,660</u>	<u>5,00,649</u>
<b>Current liabilities</b>			
Other current liabilities.....	5	2,29,51,298	2,35,06,591
<b>Total</b> .....		<u><u>2,39,31,958</u></u>	<u><u>2,40,07,240</u></u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Cash equivalents.....	6	34,67,499	15,94,923
Short term loans and advances.....	7	4,64,459	24,12,317
Inventory .....	8	2,00,00,000	2,00,00,000
		<u>2,39,31,958</u>	<u>2,40,07,240</u>
<b>Total</b> .....		<u><u>2,39,31,958</u></u>	<u><u>2,40,07,240</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**  
Chartered Accountants  
Firm Registration No. : 105102W

**Himanshu Chapsey**  
Partner  
Membership No. : 105731

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Jayant Manmadkar** Chairman (DIN-03044559)

**Suhas Kulkarni** Director (DIN-00003936)

**Ramesh Ranganathan** Director (DIN-03118598)

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note Ref	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>Other Income</b>			
Rent Income.....	9	7,52,400	2,94,690
<b>EXPENDITURE</b>			
Other expenses.....	10	57,739	47,356
<b>Profit before tax</b> .....		<b>6,94,661</b>	2,47,334
<b>Less : Tax expense</b> .....		<b>2,14,650</b>	-
<b>Profit for the year</b> .....		<b>4,80,011</b>	2,47,334
<b>Earnings per equity share (₹):</b>			
Basic/diluted .....		<b>9.60</b>	4.95

---

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**  
Chartered Accountants  
Firm Registration No. : 105102W

**Himanshu Chapsey**  
Partner  
Membership No. : 105731

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Jayant Manmadkar** Chairman (DIN-03044559)

**Suhas Kulkarni** Director (DIN-00003936)

**Ramesh Ranganathan** Director (DIN-03118598)

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	₹	₹
<b>A. Cash flow from operating activities</b>		
Profit before tax .....	<u>6,94,661</u>	<u>2,47,334</u>
<b>Adjustments for:</b>		
Operating Profit before working capital changes .....	<b>6,94,661</b>	2,47,334
(Increase)/decrease in Inventories .....	-	(2,00,00,000)
(Increase)/decrease in short term loans & advances.....	<b>19,47,858</b>	1,76,23,300
Increase/(decrease) in current liabilities.....	<u>(5,55,293)</u>	<u>2,34,33,866</u>
	<b>13,92,565</b>	2,10,57,166
Cash (used in) operations .....	<b>20,87,226</b>	2,13,04,500
Tax paid .....	<u>(2,14,650)</u>	-
Net cash (used in) operating activities (A).....	<u><b>18,72,576</b></u>	<u>2,13,04,500</u>
<b>B. Cash flow from financing activities:</b>		
Repayment of borrowings.....	-	(2,00,00,000)
Net cash from financing activities (B) .....	-	(2,00,00,000)
<b>Net increase/(decrease) in cash and cash equivalents (A+B).....</b>	<u><b>18,72,576</b></u>	<u>13,04,500</u>
<b>Cash &amp; cash equivalents</b>		
Opening balance.....	<b>15,94,923</b>	2,90,424
Closing balance.....	<u><b>34,67,499</b></u>	<u>15,94,923</u>
<b>Net increase/(decrease) in cash and cash equivalents.....</b>	<u><b>18,72,576</b></u>	<u>13,04,500</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**  
Chartered Accountants  
Firm Registration No. : 105102W

**Himanshu Chapsey**  
Partner  
Membership No. : 105731

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Jayant Manmadkar** Chairman (DIN-03044559)

**Suhas Kulkarni** Director (DIN-00003936)

**Ramesh Ranganathan** Director (DIN-03118598)

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1. Corporate Information

The Company was incorporated on 2<sup>nd</sup> June, 2010 and is engaged in the business of development of Residential complexes Ireo -Gurgaon. The Company is in the process of identifying lands for acquisition for its projects.

### 2. Significant Accounting Policies

#### a. Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### b. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

#### c. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

### 3. Share Capital

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Authorised		
1,00,000 Equity shares of ₹ 10 each .....	10,00,000	10,00,000
Issued, subscribed and paid up.		
50,000 equity shares of ₹ 10 each fully paid up .....	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>

3a The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No of Shares	Value of Shares ₹	No of Shares	Value of Shares ₹
Equity Shares				
At the beginning of the period .....	50,000	5,00,000	50,000	5,00,000
Issued during the period...	-	-	-	-
Outstanding at the end of the period .....	50,000	5,00,000	50,000	5,00,000

### 3b Terms/ Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>4. Reserves &amp; Surplus</b>		
Surplus in Statement of Profit and Loss		
Opening balance of Profit & Loss Account...	649	(2,46,684)
Add: Profit/(Loss) for the Current Year .....	4,80,011	2,47,334
Closing Balance.....	<u>4,80,660</u>	<u>649</u>

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>5. Other Current Liabilities:</b>		
Deposit Received.....	2,00,00,000	2,00,00,000
Advance Rent Received .....	27,19,910	34,72,310
Other payables .....	49,738	34,281
Provision for Current Tax.....	1,81,650	-
	<u>22,951,298</u>	<u>2,35,06,591</u>

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>6. Cash &amp; cash equivalents</b>		
<b>Bank Balances</b>		
In current accounts.....	34,67,499	15,94,923
	<u>34,67,499</u>	<u>15,94,923</u>

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>7. Short-term Loans &amp; Advances:</b>		
Loans and advances to related parties (Refer 'Related Parties' balances' sheet)		
Advance Tax.....	4,64,459	4,12,317
Other Receivable .....	-	20,00,000
	<u>4,64,459</u>	<u>24,12,317</u>

### 8. Inventory

Inventory comprises entirely land in respect of which the transfer of title is pending to be completed.

### 9. Other Income:

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Rent Income.....	7,52,400	2,94,690
	<u>7,52,400</u>	<u>2,94,690</u>

The rent income arises from a short term operating lease of the Company's land (See Note 9) with a company which is related to the Company under the Companies Act, 2013. The lease term is for a period of 11 months and is renewal by mutual consent between the parties

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 10. Other Expenses:

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Legal and Professional Charges.....	26,457	16,291
Roc Fees.....	1,600	-
Miscellaneous expenses .....	1,057	2,975
Audit Fee.....	28,625	28,090
	<u>57,739</u>	<u>47,356</u>

### 11. List of related parties:

Mahindra & Mahindra Limited	<b>Ultimate Holding Company</b>
Mahindra Lifespace Developers Limited	<b>Holding Company</b>
Mahindra Homes Private Limited	<b>Private Company in which Mr. Ramesh Ranganathan a director, is a director</b>

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Mahindra Homes Private Limited	2015-2016 ₹	2014-2015 ₹
Deposit Received	-	2,00,00,000
Rent Received	7,52,400	2,94,690
Advance Rent Received	-	34,72,310

### Balances with related parties

Mahindra Homes Private Limited	As on 31 <sup>st</sup> March, 2016 ₹	As on 31 <sup>st</sup> March, 2015 ₹
Trade Receivable	-	20,00,000
Advance Rent	27,19,910	34,72,310
Deposit	2,00,00,000	2,00,00,000

### 12. Earnings per Share

	2015-16	2014-15
Net Profit/(loss) after tax (₹) .....	4,80,011	2,47,334
Weighted average number of equity shares (Nos.) .....	50,000	50,000
Basic and Diluted Earnings per share (₹) .....	9.60	4.95
Nominal value of shares (₹) .....	10	10

13. In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to business unabsorbed losses.
14. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For **B K Khare & Co.**  
Chartered Accountants  
Firm Registration No. : 105102W

**Himanshu Chapsey**  
Partner  
Membership No. : 105731

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Jayantt Manmadkar** Chairman (DIN-03044559)

**Suhas Kulkarni** Director (DIN-00003936)  
**Ramesh Ranganathan** Director (DIN-03118598)

Place : Mumbai  
Date : 25<sup>th</sup> April, 2016

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present their Eighth report together with the audited financial statement of your Company for the year ended 31<sup>st</sup> March, 2016.

**FINANCIAL HIGHLIGHTS**

<b>Particulars</b>	<b>(Amount in ₹)</b>	
	<b>For the year ended 31<sup>st</sup> March, 2016</b>	<b>For the year ended 31<sup>st</sup> March, 2015</b>
Total Income	<b>84,270</b>	–
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	<b>38,950</b>	(1,06,335)
Less: Depreciation	–	–
Profit/(Loss) Before Finance Cost and Taxation	<b>38,950</b>	(1,06,335)
Less: Finance Cost	–	–
Profit/(Loss) Before Taxation	<b>38,950</b>	(1,06,335)
Less: Provision for Taxation	–	–
Profit/(Loss) for the year after Taxation	<b>38,950</b>	(1,06,335)
Add: Balance of Profit/(Loss) for earlier years	<b>(14,84,986)</b>	(13,78,651)
Balance carried forward	<b>(14,46,036)</b>	(14,84,986)

**DIVIDEND**

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2015-16.

**RESERVES**

In view of loss for the year, no amount has been transferred to Reserves.

**Operations**

The Company had identified a land parcel in Maharashtra for the development of an industrial park. As no progress on land acquisition in the target area was happening for more than 2 years, the Company cancelled its proposed project at Roha, Maharashtra. Out of a total of 91.56 acres acquired by the Company, the Company, in compliance with the conditions of the approval obtained by it, re-conveyed 64.74 acres to the land owners from whom the Company had acquired the land. The Company is in the process of completing re-conveyance of the balance 26.82 acres during the current year.

The Company will explore other suitable opportunities for large format developments/residential developments.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

**SHARE CAPITAL**

Authorised equity share capital of the Company is ₹ 10 crores and paid-up equity share capital of the Company is ₹ 5 crores.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

**NON-CONVERTIBLE DEBENTURES**

During the year, the Company has not issued/allotted any non-convertible debentures.

**NETWORTH**

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was ₹ 4,85,53,964 and ₹ 4,85,15,014 respectively.

**HOLDING COMPANY**

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of the Company. Therefore the requirements of consolidated financial statement are not applicable to the Company.

**BOARD OF DIRECTORS**

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of following:

Name of the Director	DIN	Designation
Ms. Sangeeta Prasad	02791944	Chairperson, Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director
Mr. Jayantt Manmadkar	03044559	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Suhas Kulkarni (DIN: 00003936) a Non-Executive and Non-independent Director retires by rotation at the 8<sup>th</sup> Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Suhas Kulkarni is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 161 of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, the Board of Directors at its meeting held on 26<sup>th</sup> October, 2015 had appointed Mr. Jayantt Manmadkar (DIN: 03044559) as the Additional Non-Executive Non-Independent Director of the Company with effect from 26<sup>th</sup> October, 2015. In terms of said Section and Articles of Association of the Company, Mr. Jayantt Manmadkar holds office upto the date of forthcoming Annual General Meeting.

The Board is of the view that Mr. Jayantt Manmadkar's knowledge and experience will be of benefit and value to the Company, and therefore, it is proposed to appoint Mr. Manmadkar as Director of the Company at the ensuing Annual General Meeting of the Company. Pursuant to Section 160 of the Act, the Company has received a notice from shareholder along with prescribed deposit proposing candidature of Mr. Manmadkar as Director of the Company.

Accordingly, appointment of Mr. Jayantt Manmadkar as Director of the Company is proposed at the ensuing Annual General Meeting for shareholders approval.

All the above Directors are not disqualified from being appointed/re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Mr. Rajan Narayan effective 26<sup>th</sup> October, 2015 resigned from the Board due to pre-occupation. The Board puts on record its sincere appreciation for the valuable services rendered by him during his tenure.

**KEY MANAGERIAL PERSONNEL**

During the year, there are no changes in the position of Key Managerial Personnel. Ms. Dhara Modi is the Company Secretary and Key Managerial Personnel under the Companies Act, 2013. Ms. Modi does not draw any remuneration from the Company. She receives remuneration from the Holding Company, Mahindra Lifespace Developers Limited.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

**AUDIT COMMITTEE**

In accordance with the requirement under the Companies Act, 1956, the Audit Committee of the Board of Directors was constituted on 15<sup>th</sup> February, 2010. However, with the advent of Companies Act, 2013 the erstwhile provisions relating to requirement of Audit Committee provided in the Companies Act, 1956 were repealed by Section 177 of the Companies Act, 2013 and Rules made thereunder. In terms of Section 177 and Rules made thereunder, the provisions relating to Audit Committee are not applicable to the Company.

In view thereof, the Board of Directors at its meeting held on 26<sup>th</sup> October, 2015 decided to disband the Audit Committee with effect from 26<sup>th</sup> October, 2015.

Previously, the Audit Committee comprised of three Non-executive Non-Independent Directors, namely Ms. Sangeeta Prasad, Mr. Rajan Narayan, Mr. Suhas Kulkarni. Ms. Sangeeta Prasad was the Chairperson of the Committee. All members of the Audit Committee possessed strong knowledge of accounting and financial management. The Chairperson and Statutory Auditors were invited to attend the Audit Committee Meetings. The Board accepted all recommendations of the Audit Committee made from time to time.

**NOMINATION & REMUNERATION COMMITTEE**

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

**MEETINGS**

During the year, four Board Meetings were convened and held on following dates:

16<sup>th</sup> April, 2015, 23<sup>rd</sup> July, 2015, 26<sup>th</sup> October, 2015 and 27<sup>th</sup> January, 2016.

During the year, three Audit Committee meetings were convened and held on the following dates:

16<sup>th</sup> April, 2015, 23<sup>rd</sup> July, 2015 and 26<sup>th</sup> October, 2015.

The details of the number of meetings of the Board and the Committees thereof attended by the respective members of the Board/Committees are given below:

Sr. no.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended
1.	Ms. Sangeeta Prasad	4	3
2.	Mr. Suhas Kulkarni	4	3
3.	Mr. Jayantt Manmadkar (Appointed with effect from 26 <sup>th</sup> October, 2015)	2	NA
4.	Mr. Rajan Narayan (Resigned with effect from 26 <sup>th</sup> October, 2015)	2	3

The previous Annual General Meeting of the Company was held on 23<sup>rd</sup> July, 2015.

## CODE OF CONDUCT

The Company has adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

## DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2016 and of the loss of the Company for that period;
- (c) they had 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;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statements. The Board reviews the internal control systems with the auditors.

## VIGIL MECHANISM

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

## RISK MANAGEMENT

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews

implementation and monitoring of the risk management plan for the Company.

## AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, (ICAI Registration No: 105102W) were appointed as auditors for a term of five consecutive years from the conclusion of 6<sup>th</sup> Annual General Meeting till the conclusion of the 11<sup>th</sup> Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested ratify the appointment of statutory auditors from the conclusion of the 8<sup>th</sup> Annual General Meeting till the conclusion of the 11<sup>th</sup> Annual General Meeting to be held in 2019.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor’s Report does not contain any qualification, reservation, adverse remark, or disclaimer and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as the Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

## CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the year, there were no contracts/arrangements with related parties of the Company referred under sub-section (1) of Section 188 of the Companies Act, 2013, hence the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

## DEPOSITS, LOANS AND ADVANCES

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 1** to this report.

**EMPLOYEE REMUNERATION**

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

**GENERAL**

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

- No fraud has been reported during the audit conducted by the statutory auditor of the Company.

**CAUTIONARY STATEMENT:**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

**ACKNOWLEDGMENT**

The Directors are thankful to all consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

**Sangeeta Prasad**

Chairperson  
DIN: 02791944

Mumbai, 25<sup>th</sup> April, 2016

**ANNEXURE 1****A. CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy;	:	The operations of the Company are not energy-intensive. However, adequate measures will be initiated to reduce energy consumption at an appropriate time.
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

**B. TECHNOLOGY ABSORPTION:**

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflow.

For and on behalf of the Board,

**Sangeeta Prasad**  
Chairperson  
DIN: 02791944

Mumbai, 25<sup>th</sup> April, 2016



**ANNEXURE 2****FORM NO. MGT - 9  
EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>st</sup> March, 2016

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

**1. REGISTRATION AND OTHER DETAILS:**

1.	<b>CIN</b>	U45203MH2008PLC184190
2.	<b>Registration Date</b>	02/07/2008
3.	<b>Name of the Company</b>	Industrial Township (Maharashtra) Limited
4.	<b>Category/Sub-Category of the Company</b>	Company limited by shares/Indian Non-Government Company
5.	<b>Address of the Registered office and contact details</b>	Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Not Applicable

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

\* As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

# The Company is looking out for suitable Business opportunities for large format development and residential developments.

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

## 4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## (i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	50,00,000	50,00,000	100.00	-	50,00,000	50,00,000	100.00	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>		50,00,000	50,00,000	100.00	-	50,00,000	50,00,000	100.00	-
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)=(A)(1)+ (A)(2)</b>	-	<b>50,00,000</b>	<b>50,00,000</b>	<b>100.00</b>	-	<b>50,00,000</b>	<b>50,00,000</b>	<b>100.00</b>	-
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>50,00,000</b>	<b>50,00,000</b>	<b>100</b>	-	<b>50,00,000</b>	<b>50,00,000</b>	<b>100,00</b>	-

## (ii) Shareholding of Promoters

Sr. No.	Shareholders Name	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year
		No. of shares	% of total shares of the Company	% of Shares Pledged/ Encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged/ Encumbered to total shares	
1	Mahindra Lifespace Developers Limited	49,99,940	100.00	-	49,99,940	100.00	-	-
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	-	-	10	-	-	-
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	-	-	10	-	-	-
4	Mahindra Lifespace Developers Ltd & Mr. Rajan Narayan	10	-	-	10	-	-	-
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	-	-	10	-	-	-
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	-	-	10	-	-	-
7	Mahindra Lifespace Developers Ltd & Mr. Jayantt Manmadkar	10	-	-	10	-	-	-

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the Shareholding of Promoter Group.

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** Nil.

(v) **Shareholding of Directors and Key Managerial Personnel:**

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Suhas Kulkarni – Director</b> At the beginning of the year	10*	-	10*	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
At the end of the year	10*	-	10*	-
<b>Jayantt Manmadkar – Director</b> At the beginning of the year	10*	-	10*	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
At the end of the year	10*	-	10*	-

Note:

\* Jointly held with Mahindra Lifespace Developers Limited (first shareholder).  
None of the Key Managerial Personnel holds any shares in the Company.

**5. INDEBTEDNESS****Indebtedness of the Company including outstanding/accrued but not due for payment**

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable****B. Remuneration of other directors: Not Applicable****C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD –**

None of the Key Managerial Personnel draw any remuneration from the Company.

**7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board,

**Sangeeta Prasad**  
Chairperson  
DIN: 02791944

Mumbai, 25<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements,

give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and cash flows for the year ended on that date.

#### Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of Sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to our best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
11. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For B. K. Khare & Co.  
Chartered Accountants  
Firm's Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Dated: 25<sup>th</sup> April, 2016

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Industrial Township (Maharashtra) Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of **B. K. Khare and Co.**  
Chartered Accountants  
Firm’s Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Dated: 25<sup>th</sup> April, 2016

**ANNEXURE “B” TO THE AUDITOR’S REPORT****Referred to in paragraph 9 of our report of even date on the accounts of Members of Industrial Township (Maharashtra) Limited for the year ended 31<sup>st</sup> March, 2016**

- 1) i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
- iii) The title deeds of immovable properties are held in the name of the Company.
- 2) i) The management has conducted physical verification of inventory at reasonable intervals during the year.
- ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013, and the rules framed thereunder.
- 6) We have been informed that the Central Government has not prescribed maintenance of Cost records under Section 148(1) of the Companies Act, 2013.
- 7) i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it. The provisions of Excise Duty are not applicable to the operations of the Company.
- ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year end for a period of more than six months from the date they became payable.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- 8) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or repayment of dues to debenture holders.
- 9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which those are raised.
- 10) Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the year.
- 11) No managerial remuneration has been paid or provided during the year as per the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- 12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
- 13) According to the information and explanations given to us all transactions with related parties during the year are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence provisions of para 3(xiv) of the Order are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence provisions of para 3(xv) are not applicable to the Company.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**  
Chartered Accountants  
Firm’s Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Dated: 25<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note Ref	Current Year ₹	Previous Year ₹
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital.....	3	5,00,00,000	5,00,00,000
Reserves and Surplus .....	4	(14,46,036)	(14,84,986)
		<u>4,85,53,964</u>	<u>4,85,15,014</u>
<b>CURRENT LIABILITIES</b>			
Other Current liabilities.....	5	31,32,296	32,18,840
		<u>31,32,296</u>	<u>32,18,840</u>
<b>TOTAL</b> .....		<u><u>5,16,86,261</u></u>	<u><u>5,17,33,855</u></u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Inventories.....	6	4,89,88,635	4,89,88,635
Cash and cash equivalents.....	7	24,22,729	24,70,323
Short term loans and advances.....	8	2,74,897	2,74,897
		<u>5,16,86,261</u>	<u>5,17,33,855</u>
<b>TOTAL</b> .....		<u><u>5,16,86,261</u></u>	<u><u>5,17,33,855</u></u>

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration No.: 105102W

For and on behalf of the Board

**Himanshu Chapsey**

Partner

Membership No.: 105731

**Dhara Modi**

Company Secretary

(ACS: 31725)

**Sangeeta Prasad**

Director

(DIN:02791944)

**Jayant Manmadkar**

Director

(DIN:03044559)

**Suhas Kulkarni**

Director

(DIN:00003936)

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

Place: Mumbai

Date: 25<sup>th</sup> April, 2016



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note Ref	Current Year ₹	Previous Year ₹
<b>REVENUE</b>			
Other Income .....		84,270	-
<b>TOTAL REVENUE</b> .....		<b>84,270</b>	-
<b>EXPENDITURE</b>			
Operating Expenses .....	9	-	-
Other expenses.....	10	45,320	1,06,335
<b>TOTAL EXPENDITURE</b> .....		<b>45,320</b>	1,06,335
Profit/(Loss) before exceptional and extraordinary items and tax.....		<b>38,950</b>	(1,06,335)
Exceptional Items .....		-	-
Profit/(Loss) before extraordinary items and tax .....		<b>38,950</b>	(1,06,335)
Extraordinary Items.....		-	-
Profit/(Loss) before tax .....		<b>38,950</b>	(1,06,335)
Less: Tax expense .....		-	-
Profit/(Loss) after tax .....		<b>38,950</b>	(1,06,335)
<b>Earning per equity share:</b>			
Basic and Diluted .....		<b>0.01</b>	(0.02)

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.: 105102W

For and on behalf of the Board

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

**Dhara Modi**  
Company Secretary  
(ACS: 31725)

**Sangeeta Prasad** Director (DIN:02791944)  
**Jayant Manmadkar** Director (DIN:03044559)  
**Suhas Kulkarni** Director (DIN:00003936)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Current Year ₹	Previous Year ₹
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) before tax.....	38,950	(1,06,335)
Adjustments.....	-	-
Operating loss before working capital changes.....	<b>38,950</b>	<b>(1,06,335)</b>
<b>Changes in Working capital:</b>		
Adjustments for (increase)/decrease in operating assets		
(Increase)/decrease in short term loans and advances.....	-	-
(Increase)/decrease in inventories .....	-	-
Adjustments for (increase)/decrease in operating liabilities		
Increase/(decrease) other in current liabilities.....	<b>(86,544)</b>	<b>(22,472)</b>
	<b>(86,544)</b>	<b>(22,472)</b>
Cash used in operations.....	<b>(47,594)</b>	<b>(1,28,807)</b>
Net cash used in operating activities .....	<b>(47,594)</b>	<b>(1,28,807)</b>
<b>B. Cash flow from financing activities:</b> .....	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b> .....	<b>(47,594)</b>	<b>(1,28,807)</b>
<b>Cash &amp; cash equivalents</b>		
Opening balance .....	<b>24,70,323</b>	25,99,130
Closing balance.....	<b>24,22,729</b>	24,70,323
<b>Net increase/(decrease) in cash and cash equivalents</b> .....	<b>(47,594)</b>	<b>(1,28,807)</b>

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration No.: 105102W

**Himanshu Chapsey**

Partner

Membership No.: 105731

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

**Dhara Modi**

Company Secretary

(PAN:BYTPM1518H)

For and on behalf of the Board

Directors

**Sangeeta Prasad**

(DIN:02791944)

**Jayant Manmadkar**

(DIN:03044559)

**Suhas Kulkarni**

(DIN:00003936)

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

### 1 Corporate information

The Company was incorporated on 2<sup>nd</sup> July, 2008 and is engaged in the business of development of Industrial Park in Roha, Raigad District, Maharashtra. The Company is currently acquiring lands and carrying out preliminary surveys.

### 2 Significant Accounting Policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates.

#### 2.3 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

#### 2.4 Revenue

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Revenues from real estate projects are recognised only when the actual construction and development costs incurred is at least 25% of the total estimated construction and development costs excluding land and when at least 10% of the sales consideration is realised and atleast 10% of total area is sold.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, in case of projects commencing on or after 1<sup>st</sup> April, 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1<sup>st</sup> April, 2012, revenues will be recognized from these real estate projects only when:

- the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- when at least 10% of the sales consideration is realised and
- where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

Interest income is accounted on accrual basis of contracted rates except where there is uncertainty of ultimate collection.

#### 2.5 Provision for Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

#### 2.6 Provisions and contingencies

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

#### 2.7 Borrowing Costs

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

	Current Year ₹	Previous Year ₹
<b>3 Share Capital</b>		
Authorised 10,000,000 equity shares of ₹ 10 each.....	10,00,00,000	10,00,00,000
Issued, subscribed and fully paid up. 5,000,000 equity shares of ₹ 10 each.....	5,00,00,000	5,00,00,000
	<u>5,00,00,000</u>	<u>5,00,00,000</u>
3a. The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees		
There has been no movement in the equity share capital during the year.		
3b. Terms/Rights attached to Equity Shares		
The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.		
Repayment of capital on liquidation will be in proportion to the number of equity shares held.		
<b>4 Reserves &amp; Surplus</b>	Current Year ₹	Previous Year ₹
Deficit from the statement of Profit and loss		
Opening balance	(14,84,986)	(13,78,651)
Add: Profit/(Loss) for the Current Year	38,950	(1,06,335)
Closing Balance of Profit and Loss Account	<u>(14,46,036)</u>	<u>(14,84,986)</u>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹															
<b>5 Other Current Liabilities</b>			<b>10 Other Expenses</b>																	
Statutory remittances			Rates and taxes	-	-															
Withholding tax	2,809	5,618	Legal and Professional Charges	16,695	78,245															
Other	28,678	1,12,413	Auditors' remuneration																	
Received from Land Aggregator	31,00,809	31,00,809	Audit fees	28,625	28,090															
	<u>31,32,296</u>	<u>32,18,840</u>	<b>Total</b>	<u>45,320</u>	<u>1,06,335</u>															
<b>6 Inventories (at lower of Cost and Net Realisable Value)</b>			<b>11</b>																	
Work In Progress			The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.																	
(represents Land and related expenses)	4,89,88,635	4,89,88,635	<b>12 Related Party Transaction</b>																	
	<u>4,89,88,635</u>	<u>4,89,88,635</u>	<b>List of Related Parties</b>																	
<b>7 Cash and Cash Equivalents</b>			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Description of relationship</th> <th style="text-align: left;">Names of related parties</th> </tr> </thead> <tbody> <tr> <td>Ultimate Holding Company</td> <td>Mahindra &amp; Mahindra Limited</td> </tr> <tr> <td>Holding Company</td> <td>Mahindra Lifespace Developers Limited</td> </tr> </tbody> </table>	Description of relationship	Names of related parties	Ultimate Holding Company	Mahindra & Mahindra Limited	Holding Company	Mahindra Lifespace Developers Limited											
Description of relationship	Names of related parties																			
Ultimate Holding Company	Mahindra & Mahindra Limited																			
Holding Company	Mahindra Lifespace Developers Limited																			
Cash on hand	20,000	20,000	<b>13 Earnings Per Share</b>																	
Balances with Bank			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Current Year ₹</th> <th style="text-align: right;">Previous Year ₹</th> </tr> </thead> <tbody> <tr> <td>Net Profit/(Loss) after tax</td> <td style="text-align: right;">38,950</td> <td style="text-align: right;">(1,06,335)</td> </tr> <tr> <td>Weighted average number of equity shares</td> <td style="text-align: right;">50,00,000</td> <td style="text-align: right;">50,00,000</td> </tr> <tr> <td>Par value per share</td> <td style="text-align: right;">10</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Earnings per share - Basic and diluted</td> <td style="text-align: right;">0.01</td> <td style="text-align: right;">(0.02)</td> </tr> </tbody> </table>	Particulars	Current Year ₹	Previous Year ₹	Net Profit/(Loss) after tax	38,950	(1,06,335)	Weighted average number of equity shares	50,00,000	50,00,000	Par value per share	10	10	Earnings per share - Basic and diluted	0.01	(0.02)		
Particulars	Current Year ₹	Previous Year ₹																		
Net Profit/(Loss) after tax	38,950	(1,06,335)																		
Weighted average number of equity shares	50,00,000	50,00,000																		
Par value per share	10	10																		
Earnings per share - Basic and diluted	0.01	(0.02)																		
In current accounts	24,02,729	24,50,323	<b>14</b>																	
	<u>24,22,729</u>	<u>24,70,323</u>	In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.																	
<b>8 Short Term Loans and Advances</b>			<b>15</b>																	
(Unsecured, considered good)			Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.																	
TDS Receivable	2,74,897	2,74,897																		
	<u>2,74,897</u>	<u>2,74,897</u>																		
<b>9 Operating Expenses</b>																				
Opening Work In Progress 01.04.2015	4,89,88,635	4,89,88,635																		
Add : Consumption during 2015-16	-	-																		
Total Consumption in FY 2015-16	-	-																		
Less : Closing WIP 31.03.2016	4,89,88,635	4,89,88,635																		
	<u>-</u>	<u>-</u>																		

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**Dhara Modi**  
Company Secretary  
(ACS: 31725)

For and on behalf of the Board

**Sangeeta Prasad** Director (DIN:02791944)  
**Jayant Manmadkar** Director (DIN:03044559)  
**Suhas Kulkarni** Director (DIN:00003936)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Ninth report together with the audited financial statement of your Company for the financial year ended on 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income.....	Nil	84,270
Profit/(Loss) Before Depreciation, Finance Cost and Taxation.....	(54,993)	26,395
Less: Depreciation.....	5,130	5,130
Profit/(Loss) Before Finance Cost and Taxation.....	(60,123)	21,265
Less: Finance Cost.....	Nil	Nil
Profit/(Loss) Before Taxation .....	(60,123)	21,265
Less: Provision for Taxation .....	Nil	Nil
Profit/(Loss) for the year after Taxation.....	(60,123)	21,265
Add: Balance of Profit/(Loss) for earlier years .....	(43,94,634)	(44,15,899)
Balance carried forward to the Balance Sheet .....	(44,54,757)	(43,94,634)

### DIVIDEND

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2015-16.

### RESERVES

In view of loss for the year, no amount has been transferred to Reserves.

### OPERATIONS

The Company is acquiring land to set up an integrated township in Maharashtra. During the year, the Company continued land acquisition in the targeted area. Due to procedural difficulties related to various approvals required for acquisition of land, which are being sorted out, the progress in land acquisition has been slow.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

The financial statement for the year under review has been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

### SHARE CAPITAL

Authorised equity share capital of the Company is ₹ 50 crore and Paid-up equity share capital of the Company is ₹ 21 crore.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

### NON-CONVERTIBLE DEBENTURES

During the year, the Company has not issued/allotted any non-convertible debentures.

### NETWORTH

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was ₹ 20,56,05,336 and ₹ 20,55,45,243 respectively.

### HOLDING COMPANY

The Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company has become/ceased to be subsidiary, associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement are not applicable to the Company.

### BOARD OF DIRECTORS

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of the following:

Name	DIN	Designation
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive Non-Independent Director
Mr. Raghunath Murti	00082761	Independent Director
Mr. Vijay Khetan	00465161	Independent Director
Ms. Sangeeta Prasad	02791944	Non-Executive Non- Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Sangeeta Prasad, a Non-executive and Non-independent Director retires by rotation at the 9<sup>th</sup> Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Sangeeta Prasad is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Act, declarations from all the Independent Directors have been received affirming their independence in accordance with the Section 149(6) of the Act.

#### KEY MANAGERIAL PERSONNEL

As at 31<sup>st</sup> March, 2016, the Key Managerial Personnel of the Company comprise of the following:

Sr. No.	Name	Designation
1.	Mr. Suhas Kulkarni	Manager
2.	Mr. Jasmin Suchak	Chief Financial Officer
3.	Ms. Arti Shinde	Company Secretary

During the year, Ms. Sejal Shah resigned as the Company Secretary w.e.f. 10<sup>th</sup> July, 2015. The Board places on record its sincere appreciation of the association of Ms. Sejal Shah with the Company.

Consequent to the aforesaid resignation, Ms. Arti Shinde was appointed as the Company Secretary w.e.f. 21<sup>st</sup> October, 2015.

#### COMMITTEES OF THE BOARD

##### AUDIT COMMITTEE

The Audit Committee comprises of two independent Directors, namely Mr. Vijay Khetan and Mr. Raghunath Murti and one Non-Executive Non-Independent Director, Ms. Sangeeta Prasad. Mr. Vijay Khetan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson, Chief Financial Officer, and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Board has accepted all recommendations of the Audit Committee made from time to time.

##### CORPORATE SOCIAL RESPONSIBILITY (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013, the provisions with respect to CSR are currently not applicable to the Company.

##### NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises of two Independent Directors, namely Mr. Vijay Khetan and Mr. Raghunath Murti and two Non-Executive Non-Independent Directors, Ms. Anita Arjundas and Ms. Sangeeta Prasad. Mr. Raghunath Murti is the Chairman of the Committee.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of

Directors and Key Managerial Personnel and Employees, as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 1**, **Annexure 2** and **Annexure 3**, respectively to this report:

1. Policy on Appointment of Directors and Senior Management (**Annexure 1**)
2. Policy on Remuneration of Directors (**Annexure 2**)
3. Policy on Remuneration of Key Managerial Personnel and Employees (**Annexure 3**)

#### MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once without the presence of the Non-Independent Director(s) or Chief Financial Officer or any other Management Personnel. The Meeting was conducted to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity, and timeliness of flow of information between the Company Management and that Board that is necessary for the Board to effectively and reasonably perform their duties.

#### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

#### MEETINGS

During the year, four meetings of the Board were convened and held on following dates:

16<sup>th</sup> April, 2015, 10<sup>th</sup> July, 2015, 21<sup>st</sup> October, 2015 and 19<sup>th</sup> January, 2016.

During the year, four meetings of Audit Committee were convened and held on the following dates:

16<sup>th</sup> April, 2015, 10<sup>th</sup> July, 2015, 21<sup>st</sup> October, 2015 and 19<sup>th</sup> January, 2016.

During the year, two meetings of Nomination & Remuneration Committee were convened and held on the following dates:

16<sup>th</sup> April, 2015 and 21<sup>st</sup> October, 2015.

The details of the number of meetings of the Board and the Committees attended thereof by the respective members of the Board/Committees are given below:

Sr. No.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended
1.	Ms. Anita Arjundas	4	–	2
2.	Ms. Sangeeta Prasad	4	4	2
3.	Mr. Raghunath Murti	3	3	1
4.	Mr. Vijay Khetan	2	2	2

The previous Annual General Meeting of the Company was held on 10<sup>th</sup> July, 2015.

### CODE OF CONDUCT

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members including Independent Directors of the Company affirming compliance with the respective Codes.

### DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013 (“the Act”), the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2016 and of the loss of the Company for that period;
- they had 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;
- they had prepared the annual accounts on a going concern basis; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statement. The Audit Committee of the Board reviews the internal control systems with the auditors.

### VIGIL MECHANISM

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirement for establishment of vigil mechanism is currently not applicable to the Company.

### RISK MANAGEMENT

The Company already has in place the procedure to inform the Board about the risk assessment and minimisation procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

### AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, (ICAI Registration No: 105102W) retire as Auditors at the forthcoming Annual General Meeting. The members will be required to appoint Auditors in terms of relevant provisions of the Companies Act, 2013 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, proposed to be re-appointed as Auditors for a term of 5 years, i.e. from the conclusion of 9<sup>th</sup> Annual General Meeting upto conclusion of the 14<sup>th</sup> Annual General Meeting of the Company, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

As the Company meets the prescribed criteria given under Section 139(2), the Board has recommended to the shareholders for approval, appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai as statutory auditors for a term of five years, i.e. from the conclusion of the 9<sup>th</sup> Annual General Meeting upto conclusion of the 14<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2021 subject to ratification of their appointment at every Annual General Meeting.

The Auditor’s Report does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comment.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

As the Company is engaged in the business of developing Residential units, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

There were no investments made by the Company attracting the provisions of Section 186 of the Companies Act, 2013 for the year under review.

## **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

## **DEPOSITS, LOANS AND ADVANCES**

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, during the year under review, are given in the prescribed format in the **Annexure 4** to this report.

## **EMPLOYEE REMUNERATION**

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies

Act, 2013 are included in this Report as **Annexure 5** and forms part of this Report.

## **GENERAL**

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

## **CAUTIONARY STATEMENT:**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

## **ACKNOWLEDGMENT**

The Directors are thankful to all shareholders, consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 18<sup>th</sup> April, 2016



## ANNEXURE 1

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

#### I. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Knowledge Township Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (**KMP**) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (**NRC**) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are/will be members of its Core Management Team/ Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### II. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:

- a) All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

- b) Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.

- c) Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

2. Based on recommendation of NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### III. REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of the Director subject to the compliance of the applicable statutory provisions.

#### IV. SENIOR MANAGEMENT PERSONNEL

1. The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.
2. Senior Management personnel are appointed or promoted and removed/relieved with the authority of Board/Chairperson based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 18<sup>th</sup> April, 2016

## ANNEXURE 2

### POLICY FOR REMUNERATION OF THE DIRECTORS

#### I. PURPOSE

This Policy sets out the approach to Compensation of Directors in Knowledge Township Limited.

#### II. POLICY STATEMENT

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### III. NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-

Executive Directors within the overall limits specified in the Shareholder's resolution.

#### IV. EXECUTIVE DIRECTORS:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board,

**Anita Arjundas**  
*Chairperson*  
DIN: 00243215

*Mumbai, 18<sup>th</sup> April, 2016*

## ANNEXURE 3

### POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014-15.

#### OBJECTIVE

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

#### STANDARDS

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July, i.e., after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while

individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - a) The increment that needs to be paid for different performance ratings as well as grades.
  - b) The increment for promotions and the total maximum increment.
  - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN: 00243215

*Mumbai, 18<sup>th</sup> April, 2016*

**ANNEXURE 4****A. CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy;	:	The operations of the Company are not energy-intensive. However, adequate measures will be initiated to reduce energy consumption at an appropriate time.
(ii)	the steps taken by the Company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

**B. TECHNOLOGY ABSORPTION**

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 18<sup>th</sup> April, 2016

**ANNEXURE 5****FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31<sup>st</sup> March, 2016**

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

**1. REGISTRATION AND OTHER DETAILS:**

1.	<b>CIN</b>	U72900MH2007PLC173137
2.	<b>Registration Date</b>	16/08/2007
3.	<b>Name of the Company</b>	Knowledge Township Limited
4.	<b>Category/Sub-Category of the Company</b>	Company limited by shares/ Indian Non-Government Company
5.	<b>Address of the Registered office and contact details</b>	Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Not Applicable

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

\* As per National Industrial Classification - Ministry of Statistics and Programme Implementation.

# During the year under review, the Company had no turnover. Presently the Company is in process of acquiring land for its project. Business activities will commence after the targeted land area for the project is acquired.

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	-	2(46)

**4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding:**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	2,10,00,000	2,10,00,000	100	-	2,10,00,000	2,10,00,000	100	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	-	2,10,00,000	2,10,00,000	100	-	2,10,00,000	2,10,00,000	100	-

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
<b>Sub-total (A)(2):-</b>	–	–	–	–	–	–	–	–	–
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	–	2,10,00,000	2,10,00,000	100	–	2,10,00,000	2,10,00,000	100	–
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-total (B)(1):-</b>	–	–	–	–	–	–	–	–	–
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
<b>Sub-total (B)(2):-</b>	–	–	–	–	–	–	–	–	–
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	–	–	–	–	–	–	–	–	–
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	–	2,10,00,000	2,10,00,000	100	–	2,10,00,000	2,10,00,000	100	–

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	2,09,99,940	100.00	–	2,09,99,940	100.00	–	–
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4	Mahindra Lifespace Developers Ltd & Mr. Narayan Shankar	10	0.00	–	10	0.00	–	–
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0.00	–	10	0.00	–	–

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the Shareholding of Promoter Group

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**  
Nil

**(v) Shareholding of Directors and Key Managerial Personnel:**

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Anita Arjundas – Director</b> At the beginning of the year	10*	0.00	10*	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00
<b>Suhas Kulkarni – Manager</b> At the beginning of the year	10*	0.00	10*	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

\* Jointly with Mahindra Lifespace Developers Limited (first shareholder).

**5. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crore)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	–	18.97	–	18.97
ii) Interest due but not paid	–	0	–	0
iii) Interest accrued but not due	–	5.18	–	5.18
<b>Total (i + ii + iii)</b>	–	24.15	–	24.15
<b>Change in Indebtedness during the financial year</b>				
• Addition	–	0.20	–	0.20
• Reduction	–	–	–	–
<b>Net change</b>	–	0.02	–	0.02
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	–	19.17	–	19.17
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	5.18	–	5.18
<b>Total (i + ii + iii)</b>	–	24.35	–	24.35

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Nil****B. Remuneration of other directors: Nil****C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director:  
None of the Key Managerial Personnel draw any remuneration from the Company.****7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 18<sup>th</sup> April, 2016



**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF  
KNOWLEDGE TOWNSHIP LIMITED****Report on the Financial Statements**

1. We have audited the accompanying financial statements of **KNOWLEDGE TOWNSHIP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and cash flows for the year ended on that date.

**Report on other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of Sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to our best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
11. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specifies in paragraphs 3 and 4 of the Order.

For **B. K. Khare and Co.**

Chartered Accountants

Firm's Registration No.: 105102W

**Himanshu Chapsey**

Partner

Membership No.: 105731

Place: Mumbai

Dated: 18<sup>th</sup> April, 2016

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KNOWLEDGE TOWNSHIP LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Knowledge Township Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For and on behalf of**  
**B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
Membership No. 105731

Place: Mumbai  
Dated: 18<sup>th</sup> April, 2016

**ANNEXURE “B” TO THE AUDITOR’S REPORT**

**Referred to in paragraph 9 of our report of even date on the accounts of Members of Knowledge Township Limited for the year ended 31<sup>st</sup> March, 2016**

- 1) i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
- iii) The title deeds of immovable properties are held in the name of the Company.
- 2) i) The management has conducted physical verification of inventory at reasonable intervals during the year.
- ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013, and the rules framed thereunder.
- 6) We have been informed that the Central Government has not prescribed maintenance of Cost records under Section 148(1) of the Companies Act, 2013.
- 7) i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it. The provisions of Excise Duty are not applicable to the operations of the Company.
- ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year end for a period of more than six months from the date they became payable.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- 8) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or repayment of dues to debenture holders.
- 9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which those are raised.
- 10) Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the year.
- 11) No managerial remuneration has been paid or provided during the year as per the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- 12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
- 13) According to the information and explanations given to us all transactions with related parties during the year are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence provisions of para 3(xiv) of the Order are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence provisions of para 3(xv) are not applicable to the Company.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**  
Chartered Accountants  
Firm’s Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Dated: 18<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note Ref	Current Year ₹	Previous Year ₹
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share capital.....	3	210,000,000	210,000,000
Reserves & Surplus.....	4	(4,454,757)	(4,394,634)
		<u>205,545,243</u>	<u>205,605,366</u>
<b>CURRENT LIABILITIES</b>			
Short term Borrowings.....	5	191,700,000	189,700,000
Other current liabilities.....	6	51,859,132	51,857,872
Short term provisions.....	7	463,092	463,092
		<u>244,022,224</u>	<u>242,020,964</u>
<b>TOTAL.....</b>		<u><u>449,567,467</u></u>	<u><u>447,626,330</u></u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible assets.....	8	33,102	38,232
		<u>33,102</u>	<u>38,232</u>
Long Term Loans and advances.....	9	8,000	1,298
<b>CURRENT ASSETS</b>			
Inventories.....	10	224,652,139	222,735,942
Cash and cash equivalents.....	11	205,822	144,454
Short term loans and advances.....	12	224,668,404	224,706,404
		<u>449,526,365</u>	<u>447,586,800</u>
<b>TOTAL.....</b>		<u><u>449,567,467</u></u>	<u><u>447,626,330</u></u>

See accompanying notes forming part of the Financial Statements **1 to 19**

In terms of our report attached

**For B. K. Khare & Co**

Chartered Accountants  
Firm's Registration Number 105102W

**Himanshu Chapsey**

Partner  
Membership No 105731

Place: Mumbai  
Date: 18<sup>th</sup> April, 2016

**Jasmin Suchak**  
Chief Financial Officer

**Arti Shinde**  
Company Secretary  
(ACS: 15976)

For and on behalf of the Board

**Anita Arjundas** Director (DIN: 00243215)  
**Vijay Khetan** Director (DIN: 00465161)  
**Raghunath Murti** Director (DIN: 00082761)

Place: Mumbai  
Date: 18<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note Ref	Current Year ₹	Previous Year ₹
<b>REVENUE</b>			
Other Income .....		-	84,270
<b>TOTAL REVENUE</b> .....		-	84,270
<b>EXPENDITURE</b>			
Operating Expenses .....	13	-	-
Depreciation and amortization expense .....	8	5,130	5,130
Other expenses .....	14	54,993	57,875
<b>TOTAL EXPENDITURE</b> .....		60,123	63,005
Profit/(Loss) before tax .....		(60,123)	21,265
Less: Tax expense .....		-	-
Profit/(Loss) after tax .....		(60,123)	21,265
Basic and Diluted .....		(0.00)	0.00

See accompanying notes forming part of the Financial Statements

In terms of our report attached

**For B. K. Khare & Co**

Chartered Accountants  
Firm's Registration Number 105102W

**Himanshu Chapsey**

Partner  
Membership No 105731

Place: Mumbai

Date: 18<sup>th</sup> April, 2016

**Jasmin Suchak**  
Chief Financial Officer

**Arti Shinde**  
Company Secretary  
(ACS: 15976)

For and on behalf of the Board

**Anita Arjundas** Director (DIN: 00243215)  
**Vijay Khetan** Director (DIN: 00465161)  
**Raghunath Murti** Director (DIN: 00082761)

Place: Mumbai

Date: 18<sup>th</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	<b>Current Year</b> ₹	<b>Previous Year</b> ₹
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) before tax.....	(60,123)	21,265
<b>Adjustments for:</b>		
Depreciation .....	5,130	5,130
Operating loss before working capital changes.....	(54,993)	26,395
<b>Changes in working capital:</b>		
Adjustment for (increase)/decrease in operating assets.....		
(Increase)/decrease in short term loans and advances.....	31,298	(40,000)
(Increase)/decrease in inventories .....	(1,916,197)	(48,976)
Adjustment for increase/(decrease) in operating liabilities		
Increase/(decrease) in other current liabilities.....	1,260	(168,702)
	<b>(1,883,639)</b>	<b>(257,678)</b>
Cash (used in) operations .....	<b>(1,938,632)</b>	<b>(231,283)</b>
Net cash (used in) operating activities.....	<b>(1,938,632)</b>	<b>(231,283)</b>
<b>B. Cash flow from financing activities:</b>		
Proceeds from borrowings .....	2,000,000	200,000
Net cash from financing activities.....	2,000,000	200,000
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<b>61,368</b>	<b>(31,283)</b>
<b>Cash &amp; cash equivalents</b>		
Opening balance.....	144,454	175,737
Closing balance.....	205,822	144,454
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<b>61,368</b>	<b>(31,283)</b>

See accompanying notes forming part of the Financial Statements

In terms of our report attached

**For B. K. Khare & Co**Chartered Accountants  
Firm's Registration Number 105102W**Jasmin Suchak**  
Chief Financial Officer**Himanshu Chapsey**Partner  
Membership No 105731**Arti Shinde**  
Company Secretary  
(ACS: 15976)Place: Mumbai  
Date: 18<sup>th</sup> April, 2016

For and on behalf of the Board

<b>Anita Arjundas</b>	Director	(DIN: 00243215)
<b>Vijay Khetan</b>	Director	(DIN: 00465161)
<b>Raghunath Murti</b>	Director	(DIN: 00082761)

Place: Mumbai  
Date: 18<sup>th</sup> April, 2016

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Note Particulars

#### 1 Corporate information

The company was incorporated on 16<sup>th</sup> August, 2007 and is engaged in the business of development of Knowledge City in Pune, Maharashtra.

#### 2 Significant Accounting Policies

##### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

##### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates.

##### 2.3 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

##### 2.4 Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre operation expenses and interest in case of construction.

The carrying amount of cash generating units/assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower.

##### 2.5 Revenue

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Revenues from real estate projects are recognised only when the actual construction and development costs incurred is at least 25% of the total estimated construction and development costs excluding land and when at least 10% of the sales consideration is realised and atleast 10% of total area is sold.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, in case of projects commencing on or after 1<sup>st</sup> April 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1<sup>st</sup> April 2012, revenues will be recognized from these real estate projects only when

- the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- when at least 10% of the sales consideration is realised and
- where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

Interest income is accounted on accrual basis of contracted rates except where there is uncertainty of ultimate collection.

#### 2.6 Employee benefits

In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

#### 2.7 Provision for Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

#### 2.8 Provisions and contingencies

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

#### 2.9 Borrowing Costs

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

	Current Year ₹	Previous Year ₹
<b>3 SHARE CAPITAL</b>		
<b>Authorised</b>		
5,00,00,000 equity shares of ₹ 10 each....	<b>500,000,000</b>	500,000,000
<b>Issued, subscribed and fully paid up.</b>		
21,000,000 equity shares fully paid up of ₹10 each .....	<b>210,000,000</b>	210,000,000
	<b>210,000,000</b>	210,000,000
<b>3a.</b> The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.		
There has been no movement in the equity share capital during the year.		
<b>3b.</b> Terms/Rights attached to Equity Shares		
The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.		
Repayment of the capital on liquidation will be in proportion to the number of equity shares held.		
	Current Year ₹	Previous Year ₹
<b>4 RESERVES &amp; SURPLUS</b>		
Opening balance .....	<b>(4,394,633)</b>	(4,415,898)
Add: Profit/(Loss) for the current year ...	<b>(60,123)</b>	21,265
Closing Balance.....	<b>(4,454,756)</b>	(4,394,633)

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
<b>5 SHORT TERM BORROWINGS</b>			Statutory remittances		
Loan from Holding company repayable on demand.....	191,700,000	189,700,000	Withholding Taxes .....	5,209	-
	<u>191,700,000</u>	<u>189,700,000</u>	Others .....	28,625	32,450
				<u>51,859,132</u>	<u>51,857,872</u>
<b>6 OTHER CURRENT LIABILITIES</b>			<b>7 Short Term Provisions</b>		
Interest Accrued but not due on loan (from Holding Company repayable on demand).....	51,825,298	51,825,298	Compensated absences.....	211,432	211,432
Other liabilities .....	33,834	32,574	Provision for bonus.....	251,660	251,660
				<u>463,092</u>	<u>463,092</u>

**8 FIXED ASSETS** Amount in ₹

Description of Assets	Gross Block			Accumulated Depreciation			Net Block		
	As at 1 <sup>st</sup> April, 2015	Addition	Deduction during the year	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the year	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Tangible Assets</b>									
Computers	51,683	-	-	51,683	51,683	-	51,683	-	-
Furniture & Fixture	62,703	-	-	62,703	24,471	5,130	29,601	33,102	38,232
<b>TOTAL</b>	114,386	-	-	114,386	76,154	5,130	81,284	33,102	38,232
Previous Year	114,386	-	-	114,386	71,024	5,130	76,154	38,232	43,362

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
<b>9 LONG TERM LOANS AND ADVANCES</b>			<b>13 OPERATING EXPENSES</b>		
Income Tax Payment.....	-	1,298	Opening Work In Progress 01.04.2015.....	222,735,942	222,686,966
Prepaid Expenses (Profession Tax 2016-2020) .....	8,000	-	Add: CONSUMPTION DURING 2015-16		
	<u>8,000</u>	<u>1,298</u>	Legal & Professional Fees.....	626,345	64,045
<b>10 INVENTORIES (at lower of cost and net realisable value)</b>			Liasoning/Statutory Fees.....	1,250,000	5,600
Work in progress.....	224,652,139	222,735,942	Other Expenses.....	39,852	(20,669)
(represents land and other related expenses)			TOTAL CONSUMPTION IN FY 2015-16.....	1,916,197	48,976
	<u>224,652,139</u>	<u>222,735,942</u>	LESS: CLOSING WIP 31.03.2016.....	224,652,139	222,735,942
<b>11 CASH AND CASH EQUIVALENTS</b>				<u>-</u>	<u>-</u>
Cash on hand.....	1,364	16,364		<u>Current Year</u>	<u>Previous Year</u>
Balances with Banks			<b>14 OTHER EXPENSES</b>	₹	₹
in current accounts.....	204,458	128,090	Legal and Professional Charges	24,811	27,994
	<u>205,822</u>	<u>144,454</u>	Auditors' remuneration		
<b>12 SHORT TERM LOANS AND ADVANCES (Unsecured, considered good)</b>			Statutory Audit Fee	28,625	28,090
Advance for purchase of land.....	222,813,226	222,813,226	Other Expenses	1,557	1,791
Prepaid Expenses.....	2,000	-	Total	<u>54,993</u>	<u>57,875</u>
Advance given to Sundry Creditor .....	-	40,000	<b>15</b>		
TDS Receivable .....	580,706	580,706	The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. There are no dues to such parties.		
Claims recoverable .....	1,272,472	1,272,472			
	<u>224,668,404</u>	<u>224,706,404</u>			



**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016****16 Related Party Transactions****16a List of Related Parties**

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

**16b Related Party Transactions**

Note: Related parties have been identified by the Management.

Details of related party transactions during the Period ended 31<sup>st</sup> March, 2016 and balances outstanding as at 31<sup>st</sup> March, 2016

Particulars	Current Year	Previous Year
	₹	₹
	<b>Mahindra Lifespace Developers Ltd.</b>	
Inter Corporate Deposit taken	<b>2,000,000</b>	200,000
Outstanding Payables as at the year end	<b>243,525,298</b>	241,525,298

**17 Earnings per share**

Particulars	Current Year	Previous Year
	₹	₹
BASIC AND DILUTED:		
Net loss for the year	<b>(60,123)</b>	21,265
Weighted average number of equity shares	<b>21,000,000</b>	21,000,000
Par value per share	<b>10</b>	10
Earnings per share	<b>(0.00)</b>	0.00

**18** In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

**19** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board

**For B. K. Khare & Co**

Chartered Accountants  
Firm's Registration Number 105102W

**Himanshu Chapsey**

Partner  
Membership No 105731

Place: Mumbai  
Date: 18<sup>th</sup> April, 2016

**Jasmin Suchak**  
Chief Financial Officer

**Arti Shinde**  
Company Secretary  
(ACS: 15976)

**Anita Arjundas** Director (DIN: 00243215)  
**Vijay Khetan** Director (DIN: 00465161)  
**Raghunath Murti** Director (DIN: 00082761)

Place: Mumbai  
Date: 18<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Third report together with the audited financial statement of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income	Nil	Nil
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	(45,601)	(57,263)
Less: Depreciation	Nil	Nil
Profit/(Loss) Before Finance Cost and Taxation	(45,601)	(57,263)
Less: Finance Cost	Nil	Nil
Profit/(Loss) Before Taxation	(45,601)	(57,263)
Less: Provision for Taxation	Nil	Nil
Profit/(Loss) for the year after Taxation	(45,601)	(57,263)
Add: Balance of Profit/(Loss) for earlier years	(1,19,962)	(62,699)
Balance carried forward	(1,65,563)	(1,19,962)

### DIVIDEND

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2015-16.

### RESERVES

In view of loss for the year, no amount has been transferred to Reserves.

### OPERATIONS

During the year, the Company identified an opportunity in Gujarat to develop an industrial park. Upon satisfactory completion of due diligence and subject to requisite approvals, the Company intends to take further steps in this regard.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

### SHARE CAPITAL

Authorised equity share capital of the Company is ₹ 10 lakh and paid-up equity share capital of the Company is ₹ 5 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

### NON-CONVERTIBLE DEBENTURES

During the year, the Company has not issued/allotted any non-convertible debentures.

### NETWORTH

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was ₹ 3,80,038 and ₹ 3,34,437 respectively.

### HOLDING COMPANY

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of the Company. Therefore the requirements of consolidated financial statement are not applicable to the Company.

### BOARD OF DIRECTORS

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Mr. Jayantt Manmadkar	03044559	Chairman, Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Suhas Kulkarni (DIN: 00003936) a Non-executive and Non-independent Director retires by rotation at the 3<sup>rd</sup> Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Kulkarni is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

## KEY MANAGERIAL PERSONNEL

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

## AUDIT COMMITTEE

As the Company does not meet any of the criteria prescribed under Section 177 and Rules made thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

## NOMINATION & REMUNERATION COMMITTEE

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

## MEETINGS

During the year, four Board Meetings were convened and held on 16<sup>th</sup> April, 2015, 24<sup>th</sup> July, 2015, 26<sup>th</sup> October, 2015 and 27<sup>th</sup> January, 2016.

All Directors attended all the meetings during the year.

The previous Annual General Meeting of the Company was held on 24<sup>th</sup> July, 2015.

## CODE OF CONDUCT

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the financial year 2015-2016, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

- company at the end of the financial year 31<sup>st</sup> March, 2016 and of the loss of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statement. The Board reviews the internal control systems with the auditors.

## VIGIL MECHANISM

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

## RISK MANAGEMENT

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company.

## AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number: 105102W), were appointed as auditors for a term of five consecutive years from the conclusion of the 1<sup>st</sup> Annual General Meeting till the conclusion of the 6<sup>th</sup> Annual General Meeting to be held in the calendar year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 3<sup>rd</sup> Annual General Meeting till the conclusion of the 6<sup>th</sup> Annual General Meeting to be held in 2019.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as the Company is engaged in the business of providing Infra structural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

#### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

During the year, there were no contracts/arrangements with related parties of the Company referred under Sub-section (1) of Section 188 of the Companies Act, 2013, hence the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

#### **DEPOSITS, LOAN AND ADVANCES**

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Out go as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 1** to this report.

#### **EMPLOYEE REMUNERATION**

Being an unlisted company, the details of employee remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the annual return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this report as **Annexure 2** and forms part of this report.

#### **GENERAL**

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

#### **CAUTIONARY STATEMENT**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

#### **ACKNOWLEDGMENT**

The Directors are thankful to all consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board

**Jayant Manmadkar**

*Chairman*

DIN: 03044559

Mumbai, 25<sup>th</sup> April, 2016

## ANNEXURE 1

### A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	The Company is looking out for suitable opportunity to develop an Industrial Park and adequate energy conservation measures will be taken at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	Nil

### B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Nil

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving foreign exchange earnings in terms of actual inflows and the foreign exchange outgo in terms of actual outflows.

For and on behalf of the Board,

**Jayant Manmadkar**  
Chairman  
DIN: 03044559

Mumbai, 25<sup>th</sup> April, 2016

## ANNEXURE 2

FORM NO. MGT - 9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2016

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

#### 1. REGISTRATION AND OTHER DETAILS:

1.	<b>CIN</b>	U70102MH2013PTC241512
2.	<b>Registration Date</b>	29/03/2013
3.	<b>Name of the Company</b>	Industrial Cluster Private Limited (Formerly known as Mahindra Housing Private Limited)
4.	<b>Category/Sub-Category of the Company</b>	Company limited by shares/Indian Non-Government Company
5.	<b>Address of the Registered office and contact details</b>	Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Not Applicable

#### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2	Real estate activities with own or leased property	681	Nil
3	Landscape care and maintenance service activities	813	Nil

\* As per National Industrial Classification – Ministry of Statistics and Programme Implementation

# During the year under review, the Company had no turnover. During the year under review, the Company identified an opportunity in Gujarat to develop a multi-product, non-polluting industrial park. Upon satisfactory completion of due diligence and subject to requisite approvals, the Company intends to take further steps in this regard.

#### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

#### 4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–

INDUSTRIAL CLUSTER PRIVATE LIMITED  
(Formerly known as Mahindra Housing Private Limited)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	50,000	50,000	100	-	50,000	50,000	100	-
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	50,000	50,000	100	-	50,000	50,000	100	-
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	50,000	50,000	100	-	50,000	50,000	100	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	50,000	50,000	100	-	50,000	50,000	100	-

**(ii) Shareholding of Promoters**

Sr. No.		No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Lifespace Developers Limited	49,990	99.98	–	49,990	99.98	–	–
2.	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.02	–	10	0.02	–	–

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the Shareholding of Promoter Group

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** Nil

**(v) Shareholding of Directors and Key Managerial Personnel:** No Directors or Key Managerial Personnel hold any shares in the Company

**5. INDEBTNESS**

**Indebtedness of the Company including outstanding/accrued but not due for payment**

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	–	–	–	–
<b>Change in Indebtedness during the financial year</b>				
• Addition	–	–	–	–
• Reduction	–	–	–	–
<b>Net Change</b>	–	–	–	–
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	–	–	–	–

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

**B. Remuneration of other Directors:** Not Applicable

**C. Remuneration to Key Managerial personnel other than MD/Manager/WTD -** Not Applicable



**7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board,

**Jayant Manmadkar**  
Chairman  
DIN: 03044559

Mumbai, 25<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Industrial Cluster Private Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **INDUSTRIAL CLUSTER PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation

of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and cash flows for the year ended on that date.

#### Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of Sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A" a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".

- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## ANNEXURE "A" TO THE AUDITOR'S REPORT

### Referred to in paragraph 9 of our report of even date on the accounts of Members of Industrial Cluster Private Limited for the year ended 31<sup>st</sup> March, 2016

- 1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.
- 2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
- 4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.
- 6) We have been informed that the Central Government has not prescribed maintenance of Cost records under Section 148(1) of the Act.
- 7)
  - i) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on 31<sup>st</sup> March, 2016, for a period of more than 6 months from the date they become payable.
  - ii) There are no disputed dues outstanding as on 31<sup>st</sup> March, 2016 on account of sales tax, customs duty, income tax, excise duty, service tax, wealth tax and cess.
- 8) The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(viii) of the Order are not applicable to the Company.
- 9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). The Company has not obtained any term loans during the year ended 31<sup>st</sup> March, 2016.
- 10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- 11) No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- 12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
- 13) According to the information and explanations given to us, there are no transactions with related parties during the year. Hence, the provisions of para 3(xiii) of the Order are not applicable to the Company.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDUSTRIAL CLUSTER PRIVATE LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Industrial Cluster Private Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm’s Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note Ref	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital.....	3	5,00,000	5,00,000
Reserves and surplus.....	4	(1,65,563)	(1,19,962)
		<u>3,34,437</u>	<u>3,80,038</u>
<b>Current liabilities</b>			
Other current liabilities .....	5	31,634	28,090
		<u>31,634</u>	<u>28,090</u>
<b>TOTAL</b> .....		<u><u>3,66,071</u></u>	<u><u>4,08,128</u></u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Cash equivalents.....	6	3,66,071	4,08,128
		<u>3,66,071</u>	<u>4,08,128</u>
<b>TOTAL</b> .....		<u><u>3,66,071</u></u>	<u><u>4,08,128</u></u>

See accompanying notes forming part of the financial statements  
In terms of our report attached

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731  
Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**For and on behalf of the Board of Directors**

**Jayant Manmadkar** Chairman (DIN-03044559)  
**Suhas Kulkarni** Director (DIN-00003936)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note Ref	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>EXPENDITURE</b>			
Other expenses.....	7	45,601	57,263
		<u>45,601</u>	<u>57,263</u>
Loss before tax.....		<u>(45,601)</u>	<u>(57,263)</u>
Less: Tax expense .....		<u>-</u>	<u>-</u>
Loss for the year.....		<u>(45,601)</u>	<u>(57,263)</u>
<b>Earnings per equity share:</b>			
Basic/diluted .....		(0.91)	(1.15)

See accompanying notes forming part of the financial statements  
In terms of our report attached

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731  
Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**For and on behalf of the Board of Directors**

**Jayant Manmadkar** Chairman (DIN-03044559)  
**Suhas Kulkarni** Director (DIN-00003936)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>Cash flow from operating activities</b>		
(Loss) before tax.....	(45,601)	(57,263)
<i>Adjustments for:</i>		
Operating (loss) before working capital changes.....	(45,601)	(57,263)
Increase/(decrease) in current liabilities.....	3,544	(34,609)
Cash (used in) operations.....	<u>(42,057)</u>	<u>(91,872)</u>
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<u>(42,057)</u>	<u>(91,872)</u>
<b>Cash &amp; cash equivalents</b>		
Opening balance .....	4,08,128	5,00,000
Closing balance .....	<u>3,66,071</u>	<u>4,08,128</u>
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<u>(42,057)</u>	<u>(91,872)</u>

See accompanying notes forming part of the financial statements  
In terms of our report attached

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731  
Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**For and on behalf of the Board of Directors**

**Jayant Manmadkar** Chairman (DIN-03044559)  
**Suhas Kulkarni** Director (DIN-00003936)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016



## NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1. CORPORATE INFORMATION

The Company was incorporated on 29<sup>th</sup> March, 2013 and is engaged in the business of establishing, acquiring, developing and maintaining Industrial Parks, Technology Parks, Bio-tech Parks, Software Parks, Special Economic zones, Export Processing Zones, Industrial Areas, Industrial estates, Integrated Townships, Residential and/or Commercial Complexes, Housing Facility in India and outside India. Since the Holding Company is committed to extending financial support to the Company for its future projects the accounts have been prepared on a "Going Concern" basis.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### b Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation, carry forward of losses and items relating to capital losses are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

#### c Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in notes contingent Assets are neither recognised nor disclosed in the financial statements.

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
<b>3. Share Capital</b>		
Authorised		
1,00,000 Equity shares of ₹ 10 each	<b>10,00,000</b>	10,00,000
Issued, subscribed and paid up		
50,000 equity shares of ₹ 10 each fully paid up	<b>5,00,000</b>	5,00,000
	<b>5,00,000</b>	<b>5,00,000</b>

**3a** The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No of Shares	Value of Shares (₹)	No of Shares	Value of Shares (₹)
Equity Shares				
At the beginning of the period	50,000	5,00,000	50,000	5,00,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	<b>50,000</b>	<b>5,00,000</b>	50,000	5,00,000

#### 3b Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
<b>4. Reserves &amp; Surplus</b>		
Surplus in Statement of Profit and Loss		
Opening balance of Profit & Loss Account	<b>(1,19,962)</b>	(62,699)
Add: (Loss) for the Current Year	<b>(45,601)</b>	(57,263)
Closing Balance of Profit & Loss Account	<b>(1,65,563)</b>	(1,19,962)
	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>
<b>5. Other Current Liabilities</b>	₹	₹
Other payables	<b>31,634</b>	28,090
	<b>31,634</b>	<b>28,090</b>

The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
<b>6. Cash &amp; cash equivalents</b>		
Bank Balances		
on current account	<b>3,66,071</b>	4,08,128
	<b>3,66,071</b>	<b>4,08,128</b>

**NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	₹	₹
<b>7. Other Expenses</b>		
Legal and Professional Charges	13,741	25,895
Miscellaneous expenses	3,235	3,278
Audit Fee	28,625	28,090
Reimbursement of expenses/levies	-	-
	<u>45,601</u>	<u>57,263</u>

**8. List of related parties:**

Mahindra & Mahindra Limited	<b>Ultimate Holding Company</b>
Mahindra Lifespace Developers Limited	<b>Holding Company</b>

Related parties are as identified by the management

	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>9. Earnings per Share</b>		
Net (loss) after tax (₹)	(45,601)	(57,263)
Weighted average number of equity shares (Nos.)	50,000	50,000
Basic and Diluted Earnings per share (₹)	(0.91)	(1.15)
Nominal value of shares (₹)	10	10

10. In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

**For B. K. Khare & Co.**

Chartered Accountants  
Firm Registration No.: 105102W

**Himanshu Chapsey**

Partner  
Membership No.: 105731  
Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**For and on behalf of the Board of Directors**

**Jayant Manmadkar** Chairman (DIN-03044559)  
**Suhas Kulkarni** Director (DIN-00003936)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fifteenth Report together with the financials statements of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS\*

Particulars	(Amount in ₹)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Income	422,983	6,78,900
(Loss) before Depreciation and Taxation	(10,05,734)	(1,55,71,062)
Less: Depreciation	1260	1,260
(Loss) before Taxation	(10,06,994)	(1,55,72,322)
Less: Provision for Taxation		
Current Tax	-	-
(Excess) provision for tax relating to prior years	-	-
Deferred Tax	(382)	(54,37,141)
(Loss) after Taxation	(10,06,612)	(16,01,35,181)
(Loss) brought forward from previous year	(16,07,31,204)	(5,96,023)
Balance carried to Balance Sheet	(16,17,37,816)	(16,07,31,204)
Net Worth	182.62	192.68

\* Refer Note. 21 of the financial statements as the figures above include the figures from discontinuing operations.

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

### OPERATIONS

During the year under review, your Company's income has decreased to ₹ 4.22 Lakhs as compared to ₹ 6.78 Lakhs in the previous year.

Your Company is looking out for other lines of business opportunities in future.

### DIVIDEND

In view of the losses, your Directors do not recommend dividend for the year under review.

### RESERVES

The Company does not propose to transfer any amount to reserves.

### SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2016 was ₹ Eighteen Crores divided into Eighteen Equity Shares of ₹ 10/- each. During the year under review the Company has not issued any shares or any convertible instruments.

### JOINT VENTURE/ASSOCIATE/SUBSIDIARY COMPANY

Pursuant to the Share Purchase Agreement dated 29<sup>th</sup> April, 2015, your Company has purchased 48,999 Equity Shares of ₹ 10/- each of Mahindra Water Utilities Limited ("the said Company"). Accordingly, the said Company has become the subsidiary Company of your Company with effect from 27<sup>th</sup> July, 2015.

A report on the performance and financial position of the subsidiary, associate and joint venture companies is provided in Form AOC-1 which forms part of this Annual report.

### BOARD OF DIRECTORS

Presently the Board comprises of the following Directors:

Sr. No.	Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non Independent Director
1.	Ms. Anita Arjundas (DIN: 00243215)	Director	Non-Executive Director	Non Independent Director
2.	Mr. Vijay Khetan (DIN: 00465161)	Director	Non-Executive Director	Independent Director
3.	Mr. Jayant Manmadkar (DIN: 03044559)	Director	Non-Executive Director	Non Independent Director
4.	Mr. Sanjay Jain (DIN: 06446899)	Director	Non-Executive Director	Independent Director

During the year under review, Mr. S. Venkatraman (DIN: 00077193) resigned from the Board with effect from 30<sup>th</sup> September, 2015. The Board places on record its sincere appreciation for the valuable services rendered by Mr. S. Venkatraman during his tenure as Director of the Company.

With the recommendation of Nomination and Remuneration Committee, Mr. Jayant Manmadkar (DIN: 03044559) was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> October, 2015 to hold office upto the ensuing Annual General Meeting. The Company has received notice pursuant to Section 160 of Companies Act, 2013 proposing the candidature of Mr. Jayant Manmadkar as a Director at the forthcoming Annual General Meeting.

Ms. Anita Arjundas (DIN: 00243215) retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer herself for re-appointment at the forthcoming Annual General Meeting.

Mr. Vijay Khetan (DIN: 00465161) and Mr. Sanjay Jain (DIN: 06446899), Independent Directors of your Company have furnished declarations that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

### MEETINGS

The Board of Directors met four times during the year under review viz., on 27<sup>th</sup> April, 2015, 23<sup>rd</sup> July, 2015, 21<sup>st</sup> October, 2015 and 19<sup>th</sup> January, 2016.

The attendance of the Directors at the meetings of the Board was as follows:

Name of Director	Number of Board Meetings Attended
Ms. Anita Arjundas	4
Mr. Vijay Khetan	4
Mr. Jayant Manmadkar	1
Mr. Sanjay Jain	3
Mr. S. Venkatraman*	2

\* Mr. S. Venkatraman resigned from the Company with effect from 30<sup>th</sup> September, 2015.

The Annual General Meeting of the Company was held on 30<sup>th</sup> July, 2015.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed;
- that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March, 2016 and of the loss of the Company for the financial year ended on that date;
- that proper and sufficient care has been 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;
- that the annual accounts have been prepared on a going concern basis; and
- that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### EVALUATION OF PERFORMANCE OF DIRECTORS

The Nomination and Remuneration Committee carried out an evaluation of the overall performance of each Director covering various aspects such as performance, attendance etc.

The Board of Directors of the Company also carried out an annual evaluation of overall performance of the Independent Directors.

### MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once during the year without the presence of the Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

### AUDIT COMMITTEE

The Audit Committee comprises of Mr. Jayant Manmadkar (DIN: 03044559), Mr. Vijay Khetan (DIN: 00465161) & Mr. Sanjay Jain (DIN: 06446899) as its Members.

Pursuant to Section 177 of Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted on 24<sup>th</sup> October, 2015 with the induction of Mr. Jayant Manmadkar and resignation of Mr. S. Venkatraman as Member of the Committee.

The Audit Committee met three times during the year under review viz., on 27<sup>th</sup> April, 2015, 23<sup>rd</sup> July, 2015 and 21<sup>st</sup> October, 2015.

The attendance at the meetings of the Audit Committee was as follows:

Name of Director	Number of Meetings Attended
Mr. Jayant Manmadkar <sup>#</sup>	0
Mr. Sanjay Jain	2
Mr. Vijay Khetan	3
Mr. S. Venkatraman*	2

<sup>#</sup> Appointed with effect from 24<sup>th</sup> October, 2015

\* Mr. S. Venkatraman resigned from the Company with effect from 30<sup>th</sup> September, 2015.

## NOMINATION AND REMUNERATION COMMITTEE

Your Company has constituted a Nomination and Remuneration Committee and have adopted the terms of reference pursuant to provisions of Section 178 of Companies Act, 2013. The Nomination and Remuneration Committee comprises of Mr. Vijay Khetan (DIN: 00465161) (Chairman), Mr. Sanjay Jain (DIN: 06446899) and Ms. Anita Arjundas (DIN: 00243215) as its Members. The Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Nomination and Remuneration Committee met twice during the year under review viz., on 27<sup>th</sup> April, 2015 and 21<sup>st</sup> October, 2015.

The attendance at the meetings of the Nomination and Remuneration Committee was as follows:

Name of Director	Number of Meetings Attended
Mr. Vijay Khetan	2
Mr. Sanjay Jain	2
Ms. Anita Arjundas	2

## RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of the risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

## POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors.
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as **Annexure I** and forms part of this Report.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company

and accordingly, your Company is not required to have a CSR policy.

## KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the KMP of your Company consists of Mr. Santosh Gupta as Chief Executive Officer, Ms. Simly Venu as Chief Financial Officer and Ms. Kinjal Vyas as Company Secretary.

## STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration Number: 117365W) retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM).

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, your Company has received a written consent and certificate from M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to appoint Auditors to hold office from the conclusion of forthcoming AGM till the conclusion of next AGM and fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

## REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under Section 143(12) of the Companies Act, 2013 details of which needs to be mentioned in this report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished as **Annexure II** and forms part of this Report.

## PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate parent company Mahindra and Mahindra Limited.

The particulars of loans given, Investments made and Guarantees and securities provided are given under notes to financial statements and same form part of this Annual Report.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All transactions with Related Parties during the year under review were in the Ordinary Course of Business and on Arm's Length basis.

Particulars of material contracts or arrangements or transactions with related parties referred to under Sub-section (1) of Section 188 of the Companies Act, 2013 are furnished in Form AOC 2 as **Annexure III** and the same forms part of this Report.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form **MGT 9** is provided as **Annexure IV** which forms part of this Report.

#### **INTERNAL CONTROLS**

Your Company has an adequate system of internal controls and monitoring procedures as well as adequate internal financial controls on financial statements commensurate with the size and the nature of its business. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee.

#### **SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

#### **SUSTAINABILITY**

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

#### **THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the year under review no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

#### **GENERAL DISCLOSURES**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
6. Since your Company is not a listed company the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable.

#### **ACKNOWLEDGEMENTS**

Your Directors are pleased to take this opportunity to thank all the stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

**Anita Arjundas**  
Chairperson

Mumbai, 25<sup>th</sup> April, 2016

## ANNEXURE I TO THE DIRECTORS' REPORT

### POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

#### I. APPOINTMENT OF DIRECTORS

- The Nomination and Remuneration Committee (NRC) of the Board of Directors (Board) of the Company reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director is to be appointed:
  1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
  3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

### POLICY ON THE REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

#### a. Policy for Remuneration of the Directors

##### Purpose

This Policy sets out the approach to Compensation of Directors in Mahindra Infrastructure Developers Limited.

##### Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### Executive Directors:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

**b. Policy on Remuneration of Key Managerial Personnel and Employees**

This Policy shall be effective from the financial year 2014-15.

**Objective**

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

**Standards**

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.

- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - a) The increment that needs to be paid for different performance ratings as well as grades.
  - b) The increment for promotions and the total maximum increment.
  - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

**For and on behalf of the Board**

**Anita Arjundas**  
Chairperson

Mumbai, 25<sup>th</sup> April, 2016



## ANNEXURE II TO THE DIRECTORS' REPORT

### PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

##### (A) Conservation of energy-

- (i) The steps taken or impact on conservation of energy:

The Operations of your Company are not energy-intensive. However, adequate measures have been taken to reduce energy consumption.

- (ii) The steps taken by the company for utilizing alternate sources of energy:  
Not Applicable

- (iii) The capital investment on energy conservation equipment: Nil

##### (B) Technology absorption:

- (i) The efforts made towards technology absorption: None

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

- (iii) Tn case of imported technology (imported during the last three years reckoned from the beginning of the financial year: Not Applicable

- (iv) The expenditure incurred on Research and Development: Nil

##### (C) Foreign exchange earnings and Outgo

- (i) The Foreign Exchange earned in terms of actual inflows during the year: Nil

- (ii) The Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board

**Anita Arjundas**  
Chairperson

Mumbai, 25<sup>th</sup> April, 2016

**ANNEXURE III TO THE DIRECTORS' REPORT****FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

*(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at **arm's length basis**:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any.	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Consulting Engineers Limited	Sale of fertilizers	Event based	42,000/-	Not Applicable	–
2.	Mahindra and Mahindra Limited (Ultimate Holding Company)	Services availed	01.04.2015 to 31.03.2016	1,59,616/-	Not Applicable	–

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or ₹ One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or ₹ One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10% of turnover of the Company or ₹ One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or ₹ Fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

**For and on behalf of the Board**

**Anita Arjundas**  
Chairperson

Mumbai, 25<sup>th</sup> April, 2016

**ANNEXURE IV TO THE DIRECTORS' REPORT**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31<sup>st</sup> March, 2016**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U45201MH2001PLC131942
ii)	Registration Date	10/05/2001
iii)	Name of the Company	MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED
iv)	Category/Sub-Category of the Company	Company Limited By Shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Mahindra Towers, Worli Mumbai - 400 018, Maharashtra, India Tel: +91 22-24905633 Fax: +91 22-24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
1	–	–	–

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahindra Lifespace Developers Limited. Mahindra Towers, 5 <sup>th</sup> Floor, Worli, Mumbai - 400 018.	L45200MH1999PLC118949	Holding Company	100%	2(46)
2	Mahindra and Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
3	Mahindra Water Utilities Limited.* Gateway Building, Apollo Bunder, Mumbai 400 001	U45205MH1999PLC121235	Subsidiary	99%	2(87)
4	Mahindra Inframan Water Utilities Private Limited. Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018.	U90000MH2004PTC144079	Associate	50%	2(6)

\* Subsidiary Company with effect from 27<sup>th</sup> July, 2015**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):****(i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	1,80,00,000*	1,80,00,000*	100%	-	1,80,00,000*	1,80,00,000*	100%	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>-</b>	<b>1,80,00,000*</b>	<b>1,80,00,000*</b>	<b>100%</b>	<b>-</b>	<b>1,80,00,000*</b>	<b>1,80,00,000*</b>	<b>100%</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	<b>-</b>	<b>1,80,00,000</b>	<b>1,80,00,000</b>	<b>100%</b>	<b>-</b>	<b>1,80,00,000</b>	<b>1,80,00,000</b>	<b>100%</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>-</b>	<b>1,80,00,000</b>	<b>1,80,00,000</b>	<b>100%</b>	<b>-</b>	<b>1,80,00,000</b>	<b>1,80,00,000</b>	<b>100%</b>	<b>-</b>

\* Includes 6 shares held by nominees of Mahindra Lifespace Developers Limited jointly with Mahindra Lifespace Developers Limited.

**(ii) Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Lifespace Developers Limited	1,79,99,994	100%	–	1,79,99,994	100%	–	0%
2.	Mahindra Lifespace Developers Limited jointly with Mr. Roshan Gandhi**	1	0%	–	1	0%	–	0%
3.	Mahindra Lifespace Developers Limited jointly with Mr. Ulhas Bhosale**	1	0%	–	1	0%	–	0%
4.	Mahindra Lifespace Developers Limited jointly with Mr. Suhas Kulkarni **	1	0%	–	1	0%	–	0%
5.	Mahindra Lifespace Developers Limited jointly with Mr. Basant Jain **	1	0%	–	1	0%	–	0%
6.	Mahindra Lifespace Developers Limited jointly with Ms. Anita Arjundas **	1	0%	–	1	0%	–	0%
7.	Mahindra Lifespace Developers Limited jointly with Mr. Narayan Shankar **	1	0%	–	1	0%	–	0%
	<b>Total</b>	<b>1,80,00,000</b>	<b>100%</b>	<b>–</b>	<b>1,80,00,000</b>	<b>100%</b>	<b>–</b>	<b>0%</b>

\*\* Jointly held with Mahindra Lifespace Developers Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	1,80,00,000	100%	1,80,00,000	100%
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change	–	No Change	–
	At the end of the year	1,80,00,000	100%	1,80,00,000	100%

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Not Applicable				

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year				
1	Ms. Anita Arjundas ***	1	0%	1	0%
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the end of the year	1	0%	1	0%

\*\*\* Shares held as nominee of Mahindra Lifespace Developers Limited jointly with Mahindra Lifespace Developers Limited.

**V. INDEBTEDNESS:**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Change in Indebtedness during the financial year</b>				
financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
<b>Net change</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
	Gross Salary		
1.	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	– As % of Profit	Nil	Nil
	– Others, specify...	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	Nil	Nil
	Ceiling as per the Act	–	–

**B. Remuneration of other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Sundaram Venkatraman (upto 30 <sup>th</sup> September, 2015)	Ms. Anita Arjundas	Mr. Vijay Khetan	Mr. Sanjay Jain	Mr. Jayant Manmadkar (w.ef. 24 <sup>th</sup> October 2015)	
1.	Independent Directors						
	• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	Nil	Nil	Nil	Nil	Nil	Nil
2.	Other Non-Executive Directors						
	• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total B = (1+2)</b>	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total Managerial Remuneration</b>	Nil	Nil	Nil	Nil	Nil	Nil
	Ceiling as per the Act						–

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Chief Executive Officer	Company Secretary	Chief Financial Officer	
		Mr. Santosh Gupta	Ms. Kinjal Vyas	Ms. Simly Venu	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil	Nil
	– As % of Profit	Nil	Nil	Nil	Nil
	– Others, specify...	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	3,00,000	Nil	3,00,000
	<b>Total</b>	–	<b>3,00,000</b>	–	<b>3,00,000</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<b>B. DIRECTORS</b>					
Penalty	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

**For and on behalf of the Board**

**Anita Arjundas**  
Chairperson

Mumbai, 25<sup>th</sup> April, 2016



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit

also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its loss and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government in terms of Section 143(11) of the Act, we

give in Annexure "B" a statement on the matters specified in paragraphs 3 and 4 of the the CARO 2016 Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 117365W

**Uday M. Neogi**  
Partner  
Membership No. 30235

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
Firm’s Registration No. 117365W

**Uday M. Neogi**

Partner

Membership No. 30235

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a program of verification of fixed assets once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The last physical verification was carried out in March, 2015, accordingly no physical verification of fixed assets was carried out by the Management during the year.
- (c) According to the information and explanations given to us and the records examined by us, we report that the building has been constructed by the Company on the leasehold land pursuant to the lease agreement dated 17<sup>th</sup> January, 2003 between Tirumala Tirupati Devasthanams and the Company, where the Company is the lessee in the agreement, however the book value of the building as at 31<sup>st</sup> March, 2016 is Rs. Nil, refer Note 21 to the financial statements.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made. The Company has not granted any loans or provided guarantees and security under Sections 185 and 186 of the Companies Act, 2013.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company's business/ activities, reporting under clause (vi) of the CARO 2016 Order is not applicable.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax which have not been deposited as at 31<sup>st</sup> March, 2016 on account of any dispute.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and Government or has not issued any debentures. Hence reporting under clause (viii) of the CARO 2016 Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, there is no amount payable as a managerial remuneration under the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 117365W

**Uday M. Neogi**  
Partner

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

Membership No. 30235

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	As at		As at	
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
		₹	₹	₹	₹
<b>A EQUITY AND LIABILITIES</b>					
1 <b>Shareholders' funds:</b>					
(a) Share capital .....	3	18,00,00,000	18,00,00,000		
(b) Reserves and surplus .....	4	(16,17,37,816)	(16,07,31,204)		
			1,82,62,184		1,92,68,796
2 <b>Non-current liabilities:</b>					
(a) Deferred tax liabilities .....	20		624		1,006
3 <b>Current liabilities:</b>					
(a) Trade payables					
(A) total outstanding dues of micro and small enterprises .....	17	-	-		
(B) total outstanding dues of payables other than micro and small enterprises .....		1,20,75,833	1,18,66,810		
(b) Other current liabilities .....	5	7,38,143	10,80,987		
			1,28,13,976		1,29,47,797
<b>TOTAL.....</b>			<b>3,10,76,784</b>		<b>3,22,17,599</b>
<b>B ASSETS</b>					
1 <b>Non-current assets:</b>					
(a) Fixed assets					
Tangible assets .....	6	2,031	3,291		
(b) Non-current investments .....	7	7,98,989	7,49,990		
(c) Long-term loans and advances	8	24,58,481	24,20,381		
			32,59,501		31,73,662
2 <b>Current assets:</b>					
(a) Inventories .....	9	-	3,71,004		
(b) Trade receivables .....	10	2,21,13,421	2,21,13,421		
(c) Cash and cash equivalents .....	11	48,09,768	55,20,794		
(d) Short-term loans and advances .....	8	8,04,216	8,04,508		
(e) Other current assets .....	12	89,878	2,34,210		
			2,78,17,283		2,90,43,937
<b>TOTAL.....</b>			<b>3,10,76,784</b>		<b>3,22,17,599</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants  
Firm's Registration No. 117365W

**Uday M. Neogi**

Partner

Membership No. 30235

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

**Kinjal Vyas**

Company Secretary

ACS: 35527

**Santosh J. Gupta**

Chief Executive Officer

**Simly Venu**

Chief Financial Officer

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Ms. Anita Arjundas**

Chairman (DIN: 00243215)

**Mr. Vijay Khetan** Director (DIN: 00465161)

**Mr. Sanjay Jain** Director (DIN: 06446899)

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	For the year ended	For the year ended
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
		₹	₹
<b>A CONTINUING OPERATIONS:</b>			
1 Revenue from operations (gross).....		-	-
Less: Excise duty .....		-	-
Revenue from operations (net).....		-	-
2 Other income.....	13	3,80,983	4,92,839
3 <b>Total revenue (1+2)</b> .....		<b>3,80,983</b>	<b>4,92,839</b>
<b>4 EXPENSES</b>			
(a) Employee benefits expense .....	14	-	10,56,943
(b) Depreciation expense.....	6	1,260	1,260
(c) Other expenses.....	15	9,64,894	12,52,285
<b>Total expenses</b> .....		<b>9,66,154</b>	<b>23,10,488</b>
5 Loss before exceptional item and taxation (3-4) .....		<b>(5,85,171)</b>	<b>(18,17,649)</b>
<b>6 EXCEPTIONAL ITEM:</b>			
Diminution in the value of long-term investment.....	23	-	15,00,00,000
7 Loss before taxation (5-6).....		<b>(5,85,171)</b>	<b>(15,18,17,649)</b>
8 Tax expense:			
(a) Current tax .....		-	-
(c) Deferred tax.....	21	(382)	(373)
		<b>(382)</b>	<b>(373)</b>
9 Loss from continuing operations (7-8).....		<b>(5,84,789)</b>	<b>(15,18,17,276)</b>
<b>B DISCONTINUING OPERATIONS:</b>			
10 (i) Loss from discontinuing operations (before tax) .....	21	<b>(4,21,823)</b>	<b>(1,37,54,673)</b>
(ii) Tax expense of discontinuing operations - deferred tax....	21	-	(54,36,768)
11 Loss from discontinuing operations [10(i)-10(ii)] .....		<b>(4,21,823)</b>	<b>(83,17,905)</b>
<b>C TOTAL OPERATIONS</b>			
12 Loss for the year (9+11) .....		<b>(10,06,612)</b>	<b>(16,01,35,181)</b>
13 <b>Earnings per share (of ₹ 10 each)</b> .....	19		
<b>Basic/diluted:</b>			
(i) Continuing operations.....		<b>(0.0325)</b>	(8.4343)
(ii) Total operations.....		<b>(0.0559)</b>	(8.8964)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants  
Firm's Registration No. 117365W

**Uday M. Neogi**

Partner  
Membership No. 30235

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

**Santosh J. Gupta**

Chief Executive Officer

**Simly Venu**

Chief Financial Officer

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Ms. Anita Arjundas**

Chairman (DIN: 00243215)

**Mr. Vijay Khetan**

Director (DIN: 00465161)

**Mr. Sanjay Jain**

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>A Cash flow from operating activities:</b>		
Net loss before taxation .....	(5,85,171)	(15,18,17,649)
Adjustments to reconcile net loss to net cash flow from operating activities: .....		
Depreciation expense .....	1,260	1,260
Provision for diminution in the value of investments .....	-	15,00,00,000
Sundry balances written off .....	-	1,10,417
Interest income .....	(3,80,983)	(4,92,839)
Operating loss from continuing operations before working capital changes Changes in	(9,64,894)	(21,98,811)
Trade and other payables .....	(1,23,674)	13,14,937
Cash generated from continuing operations .....	(10,88,568)	(8,83,874)
Income taxes (paid) .....	(38,100)	(49,760)
Net cash flow used in continuing operations .....	(11,26,668)	(9,33,634)
Net cash flow used in discontinued operations .....	(60,674)	(1,08,445)
<b>Net cash flow used in operating activities</b> .....	<b>(11,87,342)</b>	<b>(10,42,079)</b>
<b>B Cash flow from investing activities:</b>		
Refund of inter-corporate deposit given .....	-	30,00,000
Interest received .....	5,25,315	3,72,052
Purchase of long-term investments Subsidiary .....	(48,999)	-
Net cash flow from continuing operations .....	4,76,316	33,72,052
Net cash flow from discontinued operations .....	-	-
<b>Net cash flow from investing activities</b> .....	<b>4,76,316</b>	<b>33,72,052</b>
<b>C Cash flow from financing activities:</b>		
Net cash flow from continuing operations .....	-	-
Net cash flow from discontinued operations .....	-	-
<b>Net cash flow from financing activities</b> .....	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C) ...</b>	<b>(7,11,026)</b>	<b>23,29,973</b>
Cash and cash equivalents at the beginning of the year .....	55,20,794	31,90,821
Cash and cash equivalents at the end of the year .....	48,09,768	55,20,794
Reconciliation of Cash and cash equivalents with Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Note 11) .....	48,09,768	55,20,794
<b>Cash and cash equivalents at the end of the year</b> .....	<b>48,09,768</b>	<b>55,20,794</b>
<b>See accompanying notes forming part of the financial statements</b>		

In terms of our report attached

For **Deloitte Haskins & Sells**Chartered Accountants  
Firm's Registration No. 117365W**Uday M. Neogi**

Partner

Membership No. 30235

**Kinjal Vyas**

Company Secretary

ACS: 35527

Place: Mumbai

Date: 25<sup>th</sup> April, 2016**Santosh J. Gupta**

Chief Executive Officer

**Simly Venu**

Chief Financial Officer

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Ms. Anita Arjundas**

Chairman (DIN: 00243215)

**Mr. Vijay Khetan** Director (DIN: 00465161)**Mr. Sanjay Jain** Director (DIN: 06446899)

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Note 1 Corporate Information

Mahindra Infrastructure Developers Limited ("the Company") is a public company incorporated in India on 10<sup>th</sup> May, 2001 under the provisions of the Companies Act, 1956. The Company is in the business of development of infrastructure projects and infrastructure related services.

### Note 2 Significant accounting policies

#### a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

#### c) Fixed Assets (Tangible)

(i) All Fixed Assets are carried at cost less accumulated depreciation. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying assets upto the date the asset is ready for use.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the statement of Profit and Loss.

(ii) Depreciation on an asset (other than impaired assets) is calculated on Straight Line Method at the rate 11.31% p.a. which is based on useful life of 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the 2013 Act. (Refer note 21).

#### d) Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

#### e) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### f) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### g) Investments

Long-term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

#### h) Inventories

Inventories are stated at cost and net realisable value, whichever is lower. Cost is arrived at on first-in first-out basis and includes overheads on absorption basis, where appropriate.

#### i) Revenue Recognition

Revenue on account of sale of services is recognised under the Completed Service Contract Method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the Statement of Profit and Loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

#### j) Income Taxes

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation and carry forward of losses and items relating to capital losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

#### k) Segment reporting

The Company has a single reportable segment namely development of infrastructure projects and infrastructure related services for the purpose of Accounting Standard 17 on Segment Reporting.

### Note 3 Share capital

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	₹	Number of shares	₹
(a) <b>Authorised</b>				
Equity shares of ₹ 10 each with voting rights	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
	<u>2,00,00,000</u>	<u>20,00,00,000</u>	<u>2,00,00,000</u>	<u>20,00,00,000</u>
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 10 each	1,80,00,000	18,00,00,000	1,80,00,000	18,00,00,000
	<u>1,80,00,000</u>	<u>18,00,00,000</u>	<u>1,80,00,000</u>	<u>18,00,00,000</u>
Notes (i) to (iv) below				

#### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	₹	Number of shares	₹
Opening balance	1,80,00,000	18,00,00,000	1,80,00,000	18,00,00,000
Add: Issued during the year	—	—	—	—
<b>Closing balance</b>	<u>1,80,00,000</u>	<u>18,00,00,000</u>	<u>1,80,00,000</u>	<u>18,00,00,000</u>

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**(ii) Terms/rights attached to equity shares:**

The Company is having only one class of equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

**(iii) Details of shares held by the holding company:**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Mahindra Lifespace Developers Limited, the holding company, including 6 shares jointly held with its nominees	1,80,00,000	1,80,00,000

**(iv) Details of shares held by each shareholder holding more than 5% shares:**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	% holding	Number of shares	% holding
Mahindra Lifespace Developers Limited the holding company, including 6 shares jointly held with its nominees	1,80,00,000	100%	1,80,00,000	100%

**Note 4 Reserves and surplus**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Deficit in the Statement of Profit and Loss</b>		
Opening balance .....	(16,07,31,204)	(5,96,023)
Add: Loss for the year.....	(10,06,612)	(16,01,35,181)
<b>Closing balance .....</b>	<b>(16,17,37,816)</b>	<b>(16,07,31,204)</b>

**Note 5 Other current liabilities**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
(a) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Service Tax, etc.) .....	7,38,143	8,80,987
(ii) Deposit refundable (Note 18)* .....	-	2,00,000
	<b>7,38,143</b>	<b>10,80,987</b>

\* Deposit received from Mahindra Lifespace Developers Limited pursuant to Section 160(1) of the 2013 Act.

**Note 6 Fixed assets**

	Gross Block			Accumulated Depreciation and impairment				Net Block	
	Balance as at 1 <sup>st</sup> April, 2015	Addition	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 1 <sup>st</sup> April, 2015	Depreciation expense for the year (Note 21)	Impairment losses (Note 21)	Balance as at 31 <sup>st</sup> March, 2016	Balance as at 31 <sup>st</sup> March, 2016	
Tangible assets	₹	₹	₹	₹	₹	₹	₹	₹	
(a) Building	31,58,995	-	31,58,995	31,58,995	-	-	31,58,995	-	
	(31,58,995)	(-)	(31,58,995)	(3,14,363)	(-)	(28,44,632)	(31,58,995)	(-)	
(b) Plant and equipment	1,94,82,323	-	1,94,82,323	1,94,79,032	1,260	-	1,94,80,292	2,031	
	(1,94,82,323)	(-)	(1,94,82,323)	(25,96,298)	(1,260)	(1,68,81,474)	(1,94,79,032)	(3,291)	
(c) Furniture and fixtures	28,189	-	28,189	28,189	-	-	28,189	-	
	(28,189)	(-)	(28,189)	(17,933)	(-)	(10,256)	(28,189)	(-)	
(d) Vehicles	96,000	-	96,000	96,000	-	-	96,000	-	
	(96,000)	(-)	(96,000)	(48,371)	(-)	(47,629)	(96,000)	(-)	
(e) Office equipment	9,500	-	9,500	9,500	-	-	9,500	-	
	(9,500)	(-)	(9,500)	(9,500)	(-)	(-)	(9,500)	(-)	
(f) Computer	1,35,277	-	1,35,277	1,35,277	-	-	1,35,277	-	
	(1,35,277)	(-)	(1,35,277)	(1,30,495)	(-)	(4,782)	(1,35,277)	(-)	
<b>Total</b>	<b>2,29,10,284</b>	<b>-</b>	<b>2,29,10,284</b>	<b>2,29,06,993</b>	<b>1,260</b>	<b>-</b>	<b>2,29,08,253</b>	<b>2,031</b>	
<i>Previous year</i>	<i>(2,29,10,284)</i>	<i>(-)</i>	<i>(2,29,10,284)</i>	<i>(31,16,960)</i>	<i>(1,260)</i>	<i>(1,97,88,773)</i>	<i>(2,29,06,993)</i>	<i>(3,291)</i>	

Previous year's figures are in brackets and italics.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**Note 7 Non-current investments**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	₹	Number of shares	₹
<b>Long-term Investments</b> (At cost, unless otherwise specified):				
<b>Non-trade and fully paid-up unless otherwise specified</b>				
(a) <b>Investment in equity instruments - unquoted of subsidiary</b>				
₹ 10 per share in Mahindra Water Utilities Limited (subsidiary with effect from 27 July, 2015, prior to that it was a joint venture)	98,999	5,48,999	–	–
<b>of joint ventures</b>				
₹ 10 per share in Mahindra Inframan Water Utilities Private Limited	24,999	2,49,990	24,999	2,49,990
₹ 10 per share in Mahindra Water Utilities Limited (joint venture upto 26 July, 2015, subsequently it has become subsidiary)	–	–	50,000	5,00,000
<b>of associates</b>				
₹ 10 per share in Rathna Bhoomi Enterprises Private Limited	500	5,000	500	5,000
<b>of other entity</b>				
₹ 10 per share in New Tirupur Area Development Corporation Limited (Note 23)	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
		<b>15,08,03,989</b>		<b>15,07,54,990</b>
Less: Provision for diminution in value of investments		<b>15,00,05,000</b>		<b>15,00,05,000</b>
Sub total		<b>7,98,989</b>		<b>7,49,990</b>
(b) <b>Investment in preference shares - unquoted of associates</b>				
₹ 10 per share in Rathna Bhoomi Enterprises Private Limited	1,19,250	11,92,500	1,19,250	11,92,500
Less: Provision for diminution in value of investment		<b>11,92,500</b>		<b>11,92,500</b>
Sub total		<b>–</b>		<b>–</b>
Total		<b>7,98,989</b>		<b>7,49,990</b>
Aggregate amount of unquoted investments (net of provisions)		<b>7,98,989</b>		<b>7,49,990</b>

**Note 8 Loans and advances**

Particulars	Non-current		Current	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Unsecured, considered good				
(a) Security deposits	1,26,200	1,26,200	–	–
(b) Advance income tax including fringe benefit tax (net of provisions ₹ 42,51,646) (As at 31 March 2015 ₹ 42,51,646)	23,32,281	22,94,181	–	–
(c) Prepaid expenses	–	–	15,398	15,690
(d) Balance with government authorities (service tax credit receivable)	–	–	7,88,818	7,88,818
	<b>24,58,481</b>	<b>24,20,381</b>	<b>8,04,216</b>	<b>8,04,508</b>

**Note 9 Inventories**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
At lower of cost and net reliable value (Note 21)		
(a) Finished goods.....	–	3,71,004
	<b>–</b>	<b>3,71,004</b>

**Note 10 Trade receivables**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Unsecured, considered good		
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment.....	2,21,13,421	2,21,13,421
	<b>2,21,13,421</b>	<b>2,21,13,421</b>

**Note 11 Cash and cash equivalents**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
(a) Balances with banks		
in current accounts.....	2,85,092	2,52,479
in term deposit accounts.....	45,24,676	52,68,315
	<b>48,09,768</b>	<b>55,20,794</b>

The balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is.....

Note: Balances with bank include term deposits with remaining maturity of more than 12 months from the balance sheet date.....	<b>16,15,178</b>	–
--	------------------	---

**Note 12 Other current assets**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
(a) Interest accrued but not due on term deposit accounts.....	89,878	2,34,210
	<b>89,878</b>	<b>2,34,210</b>

**Note 13 Other income**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
(a) Interest income on		
Bank deposits.....	3,80,983	4,44,634
Interest on inter-corporate deposits.....	–	48,205
	<b>3,80,983</b>	<b>4,92,839</b>

**Note 14 Employee benefits expenses**

(a) Secondment Charges (including service tax).....	–	10,33,299
(b) Staff welfare.....	–	23,644
	–	<b>10,56,943</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**Note 15 Other expenses**

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	₹	₹
(a) Professional charges .....	5,59,948	3,95,321
(b) Stamp and filing fees.....	24,000	25,400
(c) Sundry balances written off.....	-	1,10,417
(d) Payment to auditors (Note below) .....	3,72,125	7,05,433
(e) General and miscellaneous expenses.....	8,821	15,714
	<b>9,64,894</b>	<b>12,52,285</b>
Note		
Payment to auditors (including service tax):		
For audit .....	3,72,125	3,65,170
For other service.....	-	3,37,080
Reimbursement of expenses.....	-	3,183
	<b>3,72,125</b>	<b>7,05,433</b>

**Note 16 Contingent liabilities (to the extent not provided for)**

Guarantee/Counter Guarantee given by the Company:

Amount in ₹

	Amount of Guarantee outstanding		Maximum liability of the Company	
	2016	2015	2016*	2015
For Subsidiary Company (subsidiary with effect from 27 <sup>th</sup> July, 2015, prior to that it was a joint venture)	18,00,00,000	18,00,00,000	18,00,00,000	9,00,00,000

\* During the year, the Company has acquired 48,999 shares of Mahindra Water Utilities Limited from United Utilities International Limited @ ₹ 1/- per share vide Share Purchase Agreement dated 29<sup>th</sup> April 2015. Consequently, as per the same agreement value of performance guarantee given by the Company to New Tirupur Area Development Corporation Limited increases to ₹ 18,00,00,000/- (previous year ₹ 9,00,00,000/-)

**Note 17 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31<sup>st</sup> March, 2016 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16<sup>th</sup> November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

**Note 18 Related party transactions**

The Company has given the following relevant disclosures in pursuance of the Accounting Standard 18 "Related Party Disclosures"

**Enterprises Controlling the Company**

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

**Subsidiary**

1	Mahindra Water Utilities Limited (subsidiary with effect from 27 <sup>th</sup> July, 2015, prior to that it was a joint venture)
---	--

**Fellow Subsidiary**

1	Mahindra Consulting Engineers Limited
---	---------------------------------------

**Joint Ventures**

1	Mahindra Inframan Water Utilities Private Limited
2	Mahindra Water Utilities Limited (joint venture upto 26 <sup>th</sup> July, 2015, subsequently it has become subsidiary)

**Details of transactions with related parties during the year and balance as at 31<sup>st</sup> March, 2016**

In ₹

Transactions with related parties during the year

Nature of transactions	Enterprises controlling the Company		Fellow Subsidiary	Joint Venture
	Ultimate Holding Company	Holding Company	Mahindra Consulting Engineers Limited	Mahindra Water Utilities Limited
Interest income on inter-corporate deposit	-	-	-	-
	(-)	(-)	(-)	(48,205)
Sale of goods	-	-	42,000	-
	(-)	(-)	(1,85,500)	(-)
Deposit refundable	-	-	-	-
	(-)	(2,00,000)	(-)	(-)
Deposit repaid	-	2,00,000	-	-
	(-)	(-)	(-)	(-)
Professional Fees (including service tax)	1,59,616	-	-	-
	(2,67,918)	(-)	(-)	(-)
Secondment Charges (including service tax)	-	-	-	-
	(-)	(10,33,299)	(-)	(-)
Refund of inter-corporate deposit given	-	-	-	-
	(-)	(-)	(-)	(30,00,000)

 Balance as at 31<sup>st</sup> March, 2016

In ₹

Nature of transactions	Enterprises controlling the Company		Subsidiary	Fellow Subsidiary	Joint Venture
	Ultimate Holding Company	Holding Company	Mahindra Water Utilities Limited	Mahindra Consulting Engineers Limited	Mahindra Water Utilities Limited
Maximum liability to the Company in respect of guarantee outstanding	-	-	18,00,00,000	-	-
	(-)	(-)	(-)	(-)	(9,00,00,000)
Receivables	-	-	2,19,13,260	-	-
	(-)	(-)	(-)	(-)	(2,19,13,260)
Payables	13,66,869	83,40,671	-	-	-
	(12,21,230)	(85,40,671)	(-)	(-)	(-)

1. Previous year's figures are in brackets and italics.
2. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
3. Related parties have been identified by the Management.

**Note 19 Computation of "Earnings Per Share"**

The computation of the "Earnings per share" in line with Accounting Standard 20 is as under:

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
(a) Net loss after tax from continuing operations available for equity shareholders (₹)	(5,84,789)	(15,18,17,276)
(b) Net loss after tax from total operations available for equity shareholders (₹)	(10,06,612)	(16,01,35,181)
(c) Nominal value per share (₹)	10	10
(d) Weighted average number of equity shares (₹)	1,80,00,000	1,80,00,000
(e) Basic/Diluted earnings per share (₹)		
Continuing operations	(0.0325)	(8.4343)
Total operations	(0.0559)	(8.8964)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**Note 20 Deferred tax liabilities**

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Deferred tax liabilities</b>		
Difference between book depreciation and tax depreciation	624	1,006
<b>Deferred tax liabilities</b>	<b>624</b>	<b>1,006</b>

**Note 21 Discontinuing Operations:**

Solid Waste Treatment Agreement (“the Agreement”) executed on 17 January, 2003 with Tirumala Tirupati Devasthanams (TTD) for operating a solid waste treatment plant (“the project”) at Tirumala, has been terminated by the Company with effect from 19<sup>th</sup> June, 2009. Discussions are on with TTD for resolving all the pending issues post termination in accordance with the terms of the Agreement. The project has not been operating since the termination date. The Company has a right to claim the written down value of the fixed assets as of the termination date and an appropriate compensation from TTD in terms of the Agreement. Accordingly, no depreciation on the fixed assets of the project was provided after the date of termination and prior to impairment of fixed asset made during the previous year. The particulars of the project as on the date of termination to be transferred to TTD on acceptance of the termination by them are given below:

Amount in ₹

Description of assets	Written down value of the assets
Building	28,44,632
Plant & Machinery and Office equipment	1,68,81,474
Computer	4,782
Furniture and fixtures	10,256
Vehicles	47,629
<b>Total</b>	<b>1,97,88,773</b>

At present the Company is in discussion to sell this plant to third party and all the fixed assets are valued to ₹ Nil as a part of the said process.

The carrying amount of long-term loans and advances, current assets and current liabilities pertaining to the above discontinuing operation are ₹ 1,26,200 (as at 31.03.2015: ₹ 1,26,200), ₹ 2,15,559 (as at 31.03.2015: ₹ 5,86,855) and ₹ 19,28,990 (as at 31.03.2015: ₹ 19,39,137) respectively.

The following statement shows the revenue and expenses of the continuing and the above discontinuing operation of the Company

In ₹

Particulars	Continuing operations		Discontinuing operations		Total	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Revenue from Operations	-	-	42,000	1,85,500	42,000	1,85,500
Other Income	3,80,983	4,92,839	-	561	3,80,983	4,93,400
<b>Total Revenue</b>	<b>3,80,983</b>	<b>4,92,839</b>	<b>42,000</b>	<b>1,86,061</b>	<b>4,22,983</b>	<b>6,78,900</b>
Changes in inventories*	-	-	(3,71,004)	(9,81,513)	(3,71,004)	(9,81,513)
Employee Benefits Expense	-	(10,56,943)	(33,317)	(1,68,074)	(33,317)	(12,25,017)
Depreciation Expense	(1,260)	(1,260)	-	-	(1,260)	(1,260)
Impairment of fixed assets*	-	-	-	(1,26,93,602)	-	(1,26,93,602)
Other Expenses	(9,64,894)	(12,52,285)	(59,502)	(97,545)	(10,24,396)	(13,49,830)
<b>Total Expenses</b>	<b>(9,66,154)</b>	<b>(23,10,488)</b>	<b>(4,63,823)</b>	<b>(1,39,40,734)</b>	<b>(14,29,977)</b>	<b>(1,62,51,222)</b>
Loss before exceptional item and taxation	(5,85,171)	(18,17,649)	(4,21,823)	(1,37,54,673)	(10,06,994)	(1,55,72,322)
Exceptional item: Diminution in the value of long-term investment (Note 25)	-	(15,00,00,000)	-	-	-	(15,00,00,000)
Loss before taxation	(5,85,171)	(15,18,17,649)	(4,21,823)	(1,37,54,673)	(10,06,994)	(1,65,55,72,322)
Current tax	-	-	-	-	-	-

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 117365W

**Uday M. Neogi**  
Partner  
Membership No. 30235  
Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**Kinjal Vyas**  
Company Secretary  
ACS: 35527

**Santosh J. Gupta**  
Chief Executive Officer  
**Simly Venu**  
Chief Financial Officer

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Ms. Anita Arjundas** Chairman (DIN: 00243215)  
**Mr. Vijay Khetan** Director (DIN: 00465161)  
**Mr. Sanjay Jain** Director (DIN: 06446899)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

Particulars	Continuing operations		Discontinuing operations		Total	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Deferred tax benefit	(382)	(373)	-	(54,36,768)	(382)	(54,37,141)
Loss after taxation	(5,84,789)	(15,18,17,276)	(4,21,823)	(83,17,905)	(10,06,612)	(1,61,01,35,181)

\* During the previous year, the Management made impairment of fixed assets and write down of inventories as the discussions with TTD has not been very fruitful and encouraging. The provision made for diminution in the value of the business unit in earlier years of ₹ 70,95,171 was adjusted against the said impairment of fixed assets.

**Note 22 Information pertaining to Joint Ventures**

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entities for the year ended 31<sup>st</sup> March, 2016 are as follows:

In ₹

Name of Joint Venture	2016*	2015	2016	2015
	Unaudited	Unaudited	Audited	Audited
Mahindra Water Utilities Limited			Mahindra Inframan Water Utilities Private Limited	
% of interest	50%	50%	50%	50%
Country of incorporation	India	India	India	India
Non-current liabilities	-	20,43,485	-	-
Current liabilities	-	3,57,14,096	82,881	10,207
Non-current assets	-	14,71,75,999	39,076	39,057
Current assets	-	11,31,56,370	3,93,539	3,82,725
Revenue	3,30,56,658	8,35,96,963	23,616	32,786
Employee benefits expense	74,89,159	2,40,90,909	-	-
Finance costs	8,87,600	4,95,775	-	-
Depreciation and amortisation expense	1,05,810	6,87,058	-	-
Other expenses	72,04,792	4,53,78,434	85,455	13,031
Profit/(Loss) before tax	1,73,69,298	1,29,44,788	(61,840)	19,754
Income tax expense	42,88,215	42,56,289	-	6,104
Profit/(Loss) after tax	1,30,81,083	86,88,499	(61,840)	13,650

\* Mahindra Water Utilities Limited has become subsidiary with effect from 27<sup>th</sup> July, 2015 and therefore figures related to income and expenses for the current year are disclosed proportionately from the unaudited financial statements for the half year ended 30<sup>th</sup> September 2015.

**Note 23** The Capital of New Tirupur Area Development Corporation Limited (NTADCL) as on 31<sup>st</sup> March, 2015 has been almost fully eroded by past losses. It was exploring the option of supplying substantial volume of industrial water to a textile park proposed to be set up by the State Government which would have contributed substantially to its topline. Based on forthcoming information there are likely to be delays and the possibility of recovering the past losses of the company does not seem very promising. In view of this, the company has provided for its entire investment of ₹ 15,00,00,000 in the equity shares of NTADCL during the previous year. Based on the review, the Company would like to continue with the same position during the current year also.

**Note 24** The Company has only made provisions in respect of investment in NTADCL and the assets of the project. There is no intention of disposing off this investment. Also the Company can continue its current operations with its own cash resources for a period of atleast one year. Hence the accounts of the Company for the year ended 31<sup>st</sup> March, 2016 have been prepared on the basis of going concern.

**Note 25** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

**Form AOC-I**

**(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

**(Information in respect of each subsidiary to be presented with amounts in Rs.)**

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Water Utilities Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	1,000,000
5.	Reserves & surplus	500,772,764
6.	Total assets	561,927,901
7.	Total Liabilities	60,155,137
8.	Investments	280,962
9.	Turnover	189,520,341
10.	Profit before taxation	86,973,881
11.	Provision for taxation	30,350,691
12.	Profit after taxation	56,623,190
13.	Proposed Dividend	NIL
14.	% of shareholding	98.99%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

**Part “B”: Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

	Joint Venture	Associate
Name of associates/Joint Ventures	Mahindra Inframan Water Utilities Private Limited	Rathna Bhoomi Enterprises Private Limited
1. Latest audited Balance Sheet Date	31.03.2016	31.03.2016
2. Shares of Associate/Joint Ventures held by the company on the year end	50%	50%
No.	24,999	500
Amount of Investment in Associates/Joint Venture	249,990	5000
Extend of Holding%	50%	50%
3. Description of how there is significant influence	Note A	Note A
4. Reason why the associate/joint venture is not consolidated		
5. Net worth attributable to shareholding as per latest audited Balance Sheet	349,735	11,22,219
6. Profit/Loss for the year		
i. Considered in Consolidation	(61,840)	(3843)
ii. Not Considered in Consolidation	(61,840)	(3843)

Note A: There is significant influence due to percentage (%) of Share Capital

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

**Note:** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For **Deloitte Haskins & Sells**

Chartered Accountants  
Firm's Registration No. 117365W

**Uday M. Neogi**                      **Kinjal Vyas**  
Partner                                  Company Secretary  
Membership No. 30235      ACS: 35527

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**Santosh J. Gupta**  
Chief Executive Officer  
**Simly Venu**  
Chief Financial Officer

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Ms. Anita Arjundas** Chairman (DIN: 00243215)  
**Mr. Vijay Khetan** Director (DIN: 00465161)  
**Mr. Sanjay Jain** Director (DIN: 06446899)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## DIRECTOR'S REPORT

### Directors' Report to the Members

Your Directors present their Second Report together with the audited financial statements of your Company for the year ended on 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS

(Amount in Rs. lakh)

Particulars	For the year ended 31 <sup>st</sup> March 2016	For the period from 22 <sup>nd</sup> December, 2014 till 31 <sup>st</sup> March, 2015
Total Income	-	-
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	(133.02)	(1.10)
Less: Depreciation	-	-
Profit/(Loss) Before Finance Cost and Taxation	(133.02)	(1.10)
Less: Finance Cost	-	-
Profit/(Loss) Before Taxation	(133.02)	(1.10)
Less: Provision for Taxation	-	-
Profit/(Loss) for the year after Taxation	(133.02)	(1.10)
Add: Balance of Profit/(Loss) for earlier years	(1.10)	-
Balance carried forward to the Balance Sheet	(134.12)	(1.10)

### Dividend

Your Directors have not recommended any dividend as the company is yet to start its commercial operations.

### Reserves

Loss for the year has been carried forward and no amount has been transferred to Reserves as the company has not made any profits during the year. During the year the Company issued 68,000,000 equity shares of Rs. 10 each to M/s. Sumitomo Corporation, Japan at a premium of Rs. 1.323 per share. The premium amounting to Rs.90,000,000/- (Rupees Nine Crores Only) is reflected in Securities Premium Account as on 31<sup>st</sup> March 2016.

### Operations/State of the company's affairs

Your Company was incorporated as a subsidiary of Mahindra World City Developers Limited (MWCDL) in FY 2015. During this financial year, MWCDL signed a JV agreement with Sumitomo Corporation, Japan (SC) in a 60:40 partnership in your company to develop an Industrial Park in North Chennai on the NH-5 (Chennai-Kolkata highway). Sumitomo Corporation has infused Rs. 77 crores as equity & share premium into your company in January 2016.

The location of the Industrial Park is in proximity to Ponneri, one of the cities in Tamil Nadu shortlisted for smart cities and is situated in the influence zone of the Chennai-Bangalore Industrial Corridor (CBIC) and Chennai-Vizag Industrial Corridor (CVIC).

The first phase will comprise 264 acres with a focus on manufacturing industries. A state support agreement has been signed with the Govt of Tamil Nadu in September 2015 at the Global Investors Meet (GIM) to provide facilitation support to the project.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

### Share Capital

During the year, authorised equity share capital of your company has been increased from Rs. 5 Lakhs to Rs. 170 crores and Paid-up equity share capital of the company has been increased from Rs. 5 Lakhs to Rs. 170 crores.

Following the Joint venture agreement between MWCDL & Sumitomo Corporation, Japan, during the year, equity shares amounting to Rs. 1,019,500,000 were allotted at par to MWCDL on right basis and equity shares amounting to Rs. 680,000,000 were allotted to Sumitomo Corporation at a premium of Rs. 1.323 per share.

Presently, the 60% (Rs. 102 crores) of the paid-up share capital of your Company is held by Mahindra World City Developers Limited and 40% (Rs. 68 crores) is held by Sumitomo Corporation, Japan.

During the year, the Company has neither issued any equity shares with differential rights or any sweat equity share nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

### Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

### Networth

The net worth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was Rs. 3.9 lakh and Rs.177.66 crore respectively.

### Holding Company

Your Company is a subsidiary of Mahindra World City Developers Ltd (MWCDL) and consequently is a subsidiary of Mahindra Lifespace Developers Limited and a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

### Subsidiaries, Joint Ventures and Associate companies

No company became or ceased to be a Subsidiary/Associate/ Joint Venture company of the Company during the year.

### Board of Directors

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Ms. Anita Arjundas	00243215	Director
Ms.Sangeeta Prasad	02791944	Director
Mr. S Chandru	00243025	Director
Mr. Eisuke Nakanishi	07410922	Director
Mr. Akito shiraishi	07418849	Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Anita Arjundas (DIN: 00243215) and Ms.Sangeeta Prasad (DIN: 02791944) Non-Executive and Non-Independent Directors retire by rotation at the Second Annual General Meeting of the Company and being eligible have offered themselves for re-appointment. Ms. Anita Arjundas and Ms. Sangeeta Prasad are not disqualified from being re-appointed as Director, by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year the following were appointed as additional directors of the Company:

Sr. no.	Name of the Person	Date of Appointment	Designation
1	Mr. Eisuke Nakanishi	11 <sup>th</sup> February, 2016	Non-Executive Non-Independent Director
2	Mr. Akito Shiraishi	11 <sup>th</sup> February, 2016	Non-Executive Non-Independent Director
3	Mr. Ajay Sethi	13 <sup>th</sup> April, 2016	Independent Director
4	Mr. Ravi Santhanam	13 <sup>th</sup> April, 2016	Independent Director
5	Mr. C. V. Krishnan	13 <sup>th</sup> April, 2016	Independent Director

Pursuant to Section 149(7) of the Act, declaration from all Independent Directors is received affirming their independence in accordance with the Section 149(6) of the Act.

### Key Managerial Personnel

The following were appointed as the key managerial personnel of the company. The Company is in process of identifying a suitable candidate for the position of the Company Secretary.

Sr. No.	Name of the person	Date of Appointment	Designation
1	Shyamsundar Kalyanasundaram	13 <sup>th</sup> April, 2016	Chief Executive Officer
2	Siddarth Chandrasekhar	11 <sup>th</sup> February, 2016	Chief Financial Officer

### Committees of the Board

#### Audit Committee

Considering the applicability of provisions of Audit Committee based on the financial statement for the financial year ended 31<sup>st</sup> March, 2016, the Audit Committee was constituted with effect from 13<sup>th</sup> April 2016 comprising of three independent Directors, namely Mr. C V Krishnan, Mr. Ravi Santhanam, Mr. Ajay Sethi and two Non-Executive Non-Independent Director, Ms. Anita Arjundas and Mr. Akito Shiraishi. Mr. C.V.Krishnan is the Chairman of the Audit Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management.

#### Nomination and Remuneration Committee

Considering the applicability of provisions of Nomination and Remuneration Committee based on the financial statement for the financial year ended 31<sup>st</sup> March, 2016, the Nomination and Remuneration Committee was constituted on 5<sup>th</sup> April, 2016 comprising of Ms. Sangeeta Prasad, Mr. Akito Shiraishi and Mr. S. Chandru. The Committee was re-constituted w.e.f. 13<sup>th</sup> April, 2016, comprising of two independent directors, namely Mr. Ravi Santhanam, Mr. Ajay Sethi and two non-executive non-independent directors, Ms. Sangeeta Prasad and Mr. Akito Shiraishi. Ms. Sangeeta Prasad is the Chair person of the Committee.

The following **policies** of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under Section 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 1, Annexure 2 and Annexure 3**, respectively to this report:

1. Policy on appointment of Directors and Senior Management (**Annexure 1**)
2. Policy on remuneration of Directors (**Annexure 2**)
3. Policy on remuneration of Key Managerial Personnel and Employees (**Annexure 3**)

### Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013, the provisions with respect to CSR are currently not applicable to the Company.

### Meetings

During the year, Seven Board Meetings were convened on 18<sup>th</sup> April 2015, 14<sup>th</sup> July 2015, 16<sup>th</sup> October 2015, 7<sup>th</sup> December 2015, 30<sup>th</sup> December 2015, 13<sup>th</sup> January 2016 and 11<sup>th</sup> February, 2016.

The details of the number of meetings of the Board attended by the respective members of the Board are given below:



Sr. no.	Name of the Director	No. of Board meetings attended
1	Ms. Anita Arjundas	7
2	Ms Sangeeta Prasad	5
3	Mr. S Chandru	7
4	Mr. Eisuke Nakanishi*	1
5	Mr. Akito Shiraishi*	1

Note: \* Appointed with effect from 11<sup>th</sup> February, 2016

The previous Annual General Meeting of the Company was held on 14<sup>th</sup> July, 2015.

### Code of Conduct

The Company has adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the financial year 2015-16, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

### Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31<sup>st</sup> March, 2016 and of the loss of the Company for that period;
- they had 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;
- they had prepared the annual accounts on a going concern basis; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements.

### Auditors

M/s. Deloitte Haskins and Sells LLP., Chartered Accountants, Chennai were appointed as auditors for a term of five consecutive years from the conclusion of 1<sup>st</sup> Annual General Meeting held on

14<sup>th</sup> July, 2015 till the conclusion of the 6<sup>th</sup> Annual General meeting of the Company to be held in 2020.

As of 31<sup>st</sup> March, 2016, paid up share capital of the Company was Rs. 170 crores, i.e. more than Rs. 10 Crores stipulated in Section 139(2) of the Companies Act, 2013 and as such the provision of the said Section relating to rotation of Auditors are now applicable to the Company from the financial year 2016-17.

Pursuant to change in applicability of the provisions, instead of considering ratification of appointment of Auditors, it is proposed to appoint them by rotation under provisions of Section 139(2) of the Companies Act, 2013. As of date, Auditors have completed 1 year since their first appointment.

Accordingly, in terms of Section 139(2) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for a term of five consecutive years from the conclusion of the 2<sup>nd</sup> Annual General Meeting till the conclusion of the 7<sup>th</sup> Annual General Meeting of the Company to be held in calendar year 2021 (subject to ratification of their appointment at every AGM).

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be approved, to the effect that their appointment, if made, would be in conformity with the limits specified in the said Section.

The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer and therefore does not call for any further comments.

As of 31<sup>st</sup> March, 2016, the requirements of having cost auditor and Internal Auditor are presently not applicable to your Company.

### Secretarial Auditor

The Board has appointed Ms. M. Kavitha Surana of M/s. M.K.Surana & Co. practising Company Secretary, to conduct the secretarial audit for the financial year 2015-16. The Secretarial Audit report for the financial year ended 31<sup>st</sup> March, 2016 is annexed herewith and marked as **Annexure 4** to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

### Vigil Mechanism

The provisions with respect to establishment of Vigil Mechanism are not applicable to the Company. However, as corporate governance, the Audit Committee and the Board of Directors at its meeting held on 13<sup>th</sup> April, 2016 has established Vigil Mechanism by adopting by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to

approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company. The Whistle Blower Policy of the Company is attached herewith as **Annexure 5**.

#### **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

As your Company is engaged in the business of developing Industrial Parks, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. The Company has not made any investment during the year.

#### **Contracts and Arrangements with Related Parties**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material under the Companies Act, 2013. Therefore, the form AOC-2 is not applicable to the Company. The Directors draw attention to Note no. 8.1 to the financial statement which sets out details of transactions with related parties.

#### **Deposits, Loans and Advances**

During the year, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013, from the public or its employees.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the Holding Company, Mahindra Life Space Developers Limited.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 6** to this report.

#### **Employee Remuneration**

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

#### **Extract of Annual Return**

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 7** and forms part of this Report.

#### **General**

During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

No fraud has been reported during the audit conducted by the Statutory Auditor and Secretarial Auditor of the Company.

#### **Cautionary statement:**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

#### **Acknowledgment**

The Directors would like to thank the Shareholders and bankers and all stakeholders for the support received from them during the year.

For and on behalf of the Board

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Policy on appointment of Directors and Senior Management

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“Board” means Board of Directors of the Company.

“Company” means Mahindra Industrial Park Chennai Limited.

“Committee(s)” means Committees of the Board for the time being in force.

“Employee” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“HR” means the Human Resource department of the Company.

“Key Managerial Personnel” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“Nomination and Remuneration Committee” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“Senior Management” means personnel of the Company who are members of its Core Management Team/Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:
  1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
  3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Manager based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Policy on remuneration of Directors

#### Purpose

This Policy sets out the approach to Compensation of Directors, in Mahindra Industrial Park Chennai Limited.

#### Policy Statement

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to become a major player in Indian Real Estate Sector, to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### Manager

Remuneration of the Manager reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Manager, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The remuneration to the Manager shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as per the policy of the Company from time to time and as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of appointment, the variable compensation will be determined annually by the NRC based on the performance of Manager.

The term of office and remuneration of Manager is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Manager in accordance with the provisions of Schedule V of the Companies Act, 2013.

If a Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for Manager is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him/her fairly and responsibly. The remuneration to the Manager comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the Remuneration Committee/Board.

#### Directors

The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

#### Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Manager and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report as per statutory requirements in this regard.

Sd/-  
**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 13<sup>th</sup> April, 2016

**ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016****Policy on Remuneration of Key Managerial Personnel and Employees**

This Policy shall be effective from the financial year 2016-17.

**Objective**

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

**Standards**

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - a) The increment that needs to be paid for different performance ratings as well as grades.
  - b) The increment for promotions and the total maximum increment.
  - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

Sd/-

**Anita Arjundas**

Chairperson

DIN: 00243215

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE 4 SECRETARIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Mahindra Industrial Park Chennai Limited  
Ground Floor, "Mahindra Towers",  
17/18, Patulous Road,  
Chennai – 600002

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Industrial Park Chennai Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Mahindra Industrial Park Chennai Limited's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2016, adequately complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by Mahindra Industrial Park Chennai Limited for the financial year ended on 31.03.2016, according to the provisions of The Companies Act, 2013 (the Act) and the rules made thereunder and we report that the Company has complied with the provisions of the Act, the Rules made thereunder and the Memorandum and Articles of Association of the Company.

We have relied on the representation made by the company and its officers for systems and mechanism formed by the company for compliances under other applicable Acts, Laws and Regulations to the company. The list of major head/groups of Acts, Laws and Regulations as applicable to the company is given below

- (i) The Right to Fair Compensation & Transparency in land Acquisition, Rehabilitation & Resettlement Act, 2013.
- (ii) Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations.
- (iii) The Air (Prevention and Control of Pollution) Act, 1981
- (iv) The Competition Act, 2002
- (v) The Environment Protection Act, 1986
- (vi) The Public Liability Insurance Act, 1991
- (vii) The Registration Act, 1908
- (viii) The Water (Prevention and Control of Pollution) Act, 1974

- (ix) The Stamp Acts as applicable at various locations.
- (x) The Electricity Act, 2003.
- (xi) The Foreign Exchange Management Act, 1999
- (xii) The Income Tax Act, 1961 and Rules thereunder
- (xiii) The Indian Stamp Act, 1899.
- (xiv) The Information technology Act, 2000
- (xv) The Negotiable Instruments Act, 1881
- (xvi) Shops & Establishment Act, as applicable at various locations

During the Audit Period, the below mentioned laws **are not applicable** to the Company:

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of Secretarial Standards on Board Meeting and General Meeting issued by the Institute of Company Secretaries of India and notified

by Ministry of Corporate Affairs. The said Secretarial Standards have been followed by the Company.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. **As on 31.03.2016**, the Board consists of Ms. Anita Arjundas, Mr. Sethuraman Chandru, Ms. Sangeeta Prasad, Mr. Eisuke Nakanishi, Mr. Akito Shiraishi as Directors and Mr. Chandrasekhar Siddharthas CFO (KMP).

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, by the company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the following events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above has taken place –

- The Company got incorporated on 22.12.2014 by filing forms INC-7, DIR-12, INC-22 which were filed with ROC on 18.12.2014.
- The Company has made pursuant to Section 184(1) of the Companies Act, 2013 read with Rule 9(1) of the Companies (Meeting of Board and its Powers) Rules, 2014, to take note and record by the Board about disclosure of interest in Form MBP-1 received from Directors of the Company by filing Form MGT-14 on 20.05.2015.
- The Board of Directors approved the Financial Statements (Balance sheet of the company as at 31<sup>st</sup> March 2015 and the Profit & Loss Account for the year ended March 31.03.2015 pursuant to Section 179(3) read with Rule 8 of Companies (Meetings of Board and its Powers) Rules, 2014 Form MGT-14 was filed on 20.05.2015.
- The Board of Directors approved the Board's Report along with the other reports, annexure and attachments for the financial year ended 31<sup>st</sup> March 2015 pursuant to Section 179(3) read with Rule 8 of Companies (Meetings of Board and its Powers) Rules, 2014. The necessary Form MGT-14 has been filed on 20.05.2015.
- The Company had appointed Deloitte Haskins & Sells LLP as Statutory Auditor of the Company for a period of Five years from 01.04.2015 to 31.03.2020 in the AGM held on 14.07.2015. Necessary Form ADT-1 has been filed on 29.07.2015.
- The Company had filed Annual Return pursuant to Section 92 of the Companies Act, 2013 and necessary Form MGT-7 has been filed on 28.10.2015.
- The Company had filed Financial Statements for the year ending 31.03.2015 with the Registrar of Companies on 30.10.2015.
- The Board of Directors in its Board Meeting held on 7<sup>th</sup> December 2015 decided to increase the Authorized Share Capital from Rs. 5 Lakhs to Rs.170 Crores and recommend consequent amendment of the Memorandum of Association of the Company subject to shareholder's approval. The necessary Form MGT-14 has been filed with ROC on 06.01.2016.
- The Shareholders' approval was accorded in the EGM held on 7<sup>th</sup> December 2015 (shorter notice EGM) to increase Authorized Share Capital from Rs.5 Lakhs to Rs.170 Crores and consequent amendment of the Memorandum of Association of the Company. The necessary Form MGT-14 and SH-7 has been filed with ROC on 23.12.2015.
- The Shareholders' approval was accorded in the EGM held on 7<sup>th</sup> December 2015 to the Board pursuant to 180(1)(c) of Companies Act, 2013 to borrow money which shall exceed Rs.250 Crores and necessary form MGT-14 has been filed with ROC on 06.01.2016.
- The Shareholders' approval was accorded in the EGM held on 7<sup>th</sup> December 2015 to the Board pursuant to 180(1)(a) of Companies Act, 2013 to create charge/mortgage/hypothecation on all or any part of the movables and/or immovable properties of the company both present and future by the Board to secure borrowings of the Company which at any time shall not exceed Rs. 250 Crores and necessary form MGT-14 has been filed with ROC on 06.01.2016.
- Pursuant to the Provision of Section 179(3) of the Companies Act, 2013, read with Rule 8 of Companies (Meeting of Board and its Powers) Rules, 2014, the Board of Directors at its meeting held on 7<sup>th</sup> December 2015, unanimously approved purchase of 264.03 acre of land at NH-5, Chennai, Tamil Nadu from Mahindra World City Developers Limited ("MWCDL") the Holding company as per the terms and conditions stated in the Sale Deed and the consideration shall be paid partly by issue of rights shares, preferential allotment to Sumitomo Corporation and bank loan.
- Pursuant to the Provisions of Section 62(1)(a), 179(3) of the Companies Act 2013, the Board of Directors at its meeting held on 7<sup>th</sup> December 2015, an offer of 10,19,50,000 Equity Shares of face Value of Rs.10/- each aggregating to Rs. 101.95 Crores was made to Mahindra World City Developers Limited, the Existing shareholder of the company holding 100% of the entire paid up capital of the company on a Right basis for Consideration other than Cash. i.e. towards part consideration for acquisition of 264.03 acres of land at NH-5, Chennai from Mahindra World City developers Limited and necessary Form MGT-14 has been filed with ROC on 06.01.2016.
- Pursuant to the Provisions of 62(1)(a), 179(3) of the Companies Act 2013, the Board of Directors at its meeting held on 30<sup>th</sup> December 2015 approved and allotted 10,19,50,000

Equity shares to M/s. Mahindra World City Developers Limited on rights basis for consideration other than cash and necessary Form MGT-14 and PAS-3 has been filed with ROC on 22.01.2016 and 23.01.2016 respectively.

- Pursuant to the Provisions of Section 42, 62(1)(C) of the Companies Act 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and Companies (Prospectus and Allotment of Securities) 2014, Foreign Exchange Management Act, 1999, the Board of Directors at its meeting held on 30<sup>th</sup> December 2015 approved issue of 6,80,00,000 Equity shares of Rs. 10/- each at a premium of Rs. 1.32/- per share for an aggregate consideration of Rs. 77,00,00,000/- to non-existing shareholder M/s. Sumitomo Corporation, Japan on a Preferential basis and necessary Form MGT-14 has been filed with ROC on 22.01.2016. Shareholder's approval was also accorded for the same in the EGM held on 30<sup>th</sup> December 2015 and necessary Form MGT-14 has been filed with ROC on 23.01.2016.
- Pursuant to the Provisions of 42, 62(1)(C), 39(4) of the Companies Act 2013, read with Rule 12 and 14 Companies (Prospectus and Allotment of Securities) Rules 2014, Form PAS-4 and Form PAS-5 was filed along with the Return of Allotment Form PAS-3 for allotment of 68,000,000 Equity Shares to Sumitomo Corporation Japan. The necessary Form PAS-3 has been filed with ROC on 25.01.2016.
- Pursuant to the Provisions of RBI Guidelines, Foreign Exchange Management Act, 1999 (as amended), FDI Guidelines issued by the Government of India and provisions relating to automatic route there under (collectively, the "Act") the company also filed **Annexure – 6** and Form FC- GPR with RBI which is still pending for approval.
- Shareholders' approval was accorded in the EGM held on 11<sup>th</sup> February 2016 for Alteration of Articles of the Company to align with the Joint Venture Agreement signed by the company with Mahindra World City Developers Limited and Sumitomo Corporation, Japan. Necessary form MGT-14 has been filed with ROC on 11.03.2016.
- Pursuant to Section 179, 203 of Companies Act, 2013, read with the Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Chandrasekhar Siddarth was appointed as Chief Financial Officer of the Company with effect from 11.02.2016 and necessary Form DIR-12, Form MGT-14 and Form MR-1 was filed with ROC on 11.03.2016.

- Pursuant to provision of Section 161 of the Companies Act, 2013, Mr. Akito Shiraishi and Mr. Eisuke Nakanishi were appointed as Additional Directors in the Board Meeting held on 11.02.2016 and Form DIR-12 was filed with ROC on 11.03.2016. Their appointments were regularized as DIRECTORS in the Extra-Ordinary General Meeting held on 11.02.2016 (EGM held at a shorter notice) and necessary Form DIR-12 and MGT-14 was filed with ROC on 11.03.2016.
- Pursuant to Sections 77, 78 and 79 of the Companies Act, 2013 and Rule 3(1) of the Companies (Registration of Charges) Rules 2014, Charge was created on Immovable Property with HDFC Bank Limited for an amount of Rs.150 Crores on 08.03.2016 and necessary form CHG-1 has been filed with ROC on 13.04.2016 by payment of additional fees.
- On 30<sup>th</sup> December 2016, the paid up capital of the Company got increased from RS. 5 lakhs to RS. 170 crores. Consequently, the provisions of Section 203 of the Companies Act, 2013 relating to appointment of Key Managerial Personnel became applicable to the Company. The Company, has accordingly appointed Chief Executive Officer and Chief Financial Officer of the Company on 13 April 2016 and on 11 February 2016, respectively. ***The Company is in process of identifying a suitable candidate for the position of the Company Secretary.***
- The Audit Committee and the Nomination & Remuneration Committee were not required to be constituted during the year ended 31<sup>st</sup> March 2016.

**for M. K. Surana & Co.,**  
Company Secretaries,

**M. Kavitha Surana**  
Proprietor  
FCS 5926, C. P. No.5269

Place: Chennai  
Date: 13.04.2016

This report is to be read with our letter of even date which is Annexed as **Annexure A** and forms are integral part of this report.



**‘ANNEXURE A’**

To,  
The Members,  
Mahindra Industrial Park Chennai Limited  
Ground Floor, “Mahindra Towers”,  
17/18, Patulous Road,  
Chennai – 600002

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to expression opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**for M. K. Surana & Co.,**  
Company Secretaries,

**M. Kavitha Surana**  
Proprietor  
FCS 5926, C. P. No.5269

Place: Chennai  
Date: 13.04.2016

## ANNEXURE 5 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### WHISTLE BLOWER POLICY

#### 1. The Whistle Blower Policy shall come into effect from 13<sup>th</sup> April 2016.

#### 2. Preface

Mahindra Industrial Park Chennai Limited (MIPCL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as "Codes" or "the Codes") and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of section 177 of Companies Act, 2013 ("the Act" or "Act"), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code or Policies.

Accordingly, this Whistle Blower Policy ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Audit Committee.

#### 3. Definitions

The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/Act.]

- a. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.
- b. "Codes" mean three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees.
- c. "Director" means a director as defined under Section 2 (34) of the Companies Act, 2013.
- d. "Employee" means every employee of the Company (whether working in India or abroad), including

the Directors in the whole time employment of the Company.

- e. "Investigators" means those persons authorised, appointed, consulted or approached by the Audit Committee and the Police.
- f. "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity.
- g. "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- h. "Whistle Blower" means a Director or Employee making a Protected Disclosure under this Policy.

#### 4. Scope

- a. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Audit Committee or the Investigator.
- c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

#### 5. Eligibility

All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

#### 6. Procedure

- a. All Protected Disclosures should be addressed to the Audit Committee.
- b. If a protected disclosure is received by any Executive(s) of the Company other than the Audit Committee member, the same should be forwarded to the Audit Committee for further appropriate action.
- c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.
- d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).

- e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

## 7. Investigation

- a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Audit Committee who would investigate/oversee the investigations.
- b. The Audit Committee may at their discretion, consider involving any Investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d. The identity of a Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- g. Subjects have a right to consult with a person or persons of their choice, other than the Audit Committee.
- h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- j. Subjects have a right to be informed of the outcome of the investigation.

- k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

## 8. Protection

- a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.
- b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.
- c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.
- d. A Whistle Blower(s) may report any violation of the above Clause to the Audit Committee who shall investigate into the same and advise suitable action to the Management.
- e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

## 9. Disqualifications

- a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.
- c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

## 10. Investigators

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of legal and professional standards.
- c. Investigations would be launched only after a preliminary review by the Audit Committee, as the case may be, which establishes that:
  - i. the alleged act constitutes an improper or unethical activity or conduct; and
  - ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

## 11. Decision

If an investigation leads the Audit Committee to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Audit Committee shall advise to the Management of the Company to take such disciplinary or corrective action as the Audit Committee may deem fit.

## 12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed before the Audit Committee on a regular basis.

## 13. Retention of documents

All Protected Disclosures in writing or documented alongwith the results of investigation relating thereto shall be retained by the Company for a minimum period of seven year.

## 14. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/Directors unless the same is notified to the Employees/Director.

**ANNEXURE 6 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016:****A. CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy;	:	Not Applicable
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	Not Applicable

**B. TECHNOLOGY ABSORPTION**

(i)	the efforts made towards technology absorption	:	Not Applicable
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, an amount equivalent to Rs. 770,000,000 (Rupees Seventy Seven Crore) was received from M/s Sumitomo Corporation, Japan towards subscription of equity shares of the Company.

For and on behalf of the Board,

Sd/-

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Place: Mumbai

Date: 13<sup>th</sup> April, 2016

## ANNEXURE 7 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### FORM NO. MGT - 9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2016  
(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

#### 1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U45209TN2014PLC098543
2.	Registration Date	22 <sup>nd</sup> December, 2014
3.	Name of the Company	Mahindra Industrial Park Chennai Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, Ground Floor, No. 17/18 Patullos Road, Chennai 600 002 Tel. No.: 044-64522294 Fax No.: 044-28584713
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

#### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Builders – Property Developers	0403	The co. is yet to commence its operations.

\*As per National Industrial Classification – Ministry of Statistics and Programme Implementation

# on the basis of Gross Turnover

#### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/Associate of the Company	% of shares held	Applicable Section
1.	Mahindra World City Developers Limited Address: Mahindra Towers, Ground Floor, No.17/18 Patullos Road, Chennai 600 002	U92490TN1997PLC037551	Holding	60	2(46)
2.	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Intermediate Holding Company	NIL	2(46)
3.	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding co.	NIL	2(46)

#### 4. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

##### (i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a)	Individual/HUF								
b)	Central Govt.								

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
c) State Govt(s)									
d) Bodies Corp*	–	50,000	50,000	100	–	102,000,000	102,000,000	60	99.95%
e) Banks/FI									
f) Any Other....									
<b>Sub-total A(1):-</b>	<b>–</b>	<b>50,000</b>	<b>50,000</b>	<b>100</b>	<b>–</b>	<b>102,000,000</b>	<b>102,000,000</b>	<b>60</b>	<b>100%</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI									
e) Any Other....									
<b>Sub-total (A)(2):-</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)*</b>	<b>–</b>	<b>50,000</b>	<b>50,000</b>	<b>100</b>	<b>–</b>	<b>102,000,000</b>	<b>102,000,000</b>	<b>60</b>	<b>99.95%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian									
ii) Overseas						68,000,000	68,000,000	40	100
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (Non Resident Individuals)									
d) Others Trust									
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	68,000,000	68,000,000	40	100
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	-	-	-	-	<b>170,000,000</b>	<b>170,000,000</b>	<b>100%</b>	<b>99.75%</b>

**Note:** \* Including Nominees

**(ii) Shareholding of Promoters**

Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
Body Corporate – Mahindra World City Developers Limited	50,000	100	Nil	102,000,000	60	Nil	99.95%

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>	50,000	100	50000	100
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	101,950,000	59.97	102,000,000	60
	<b>At the end of the year</b>	102,000,000	60	102,000,000	60

**Note:** 60:40



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):  
We can include Sumitomo here. If yes, please insert table

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31 <sup>st</sup> March, 2015		Cumulative Shareholding during the year 31 <sup>st</sup> March, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>At the beginning of the year</b>	NIL	NIL	NIL	NA
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	68,000,000	40	68,000,000	40
	<b>At the end of the year</b>	68,000,000	40	68,000,000	40

(v) Shareholding of Directors and Key Managerial Personnel:

SN	For each of Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Anita Arjundas – Director</b> At the beginning of the year	1*	0.002	1	0.002
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year	1*	0.000	1	0.000
2.	<b>Sangeeta Prasad – Director</b> At the beginning of the year	1*	0.002	1	0.002
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year	1*	0.000	1	0.000

**Note:** \* Held as nominee of the holding company Mahindra World City Developers Ltd as on 31<sup>st</sup> March, 2016.

5. INDEBTNESS

(Rs. in Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	0	0	NIL	0
ii) Interest due but not paid	0	0	NIL	0
iii) Interest accrued but not due	0	0	NIL	0
<b>Total (i+ii+iii)</b>	0	0	NIL	0

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
<b>Change in Indebtedness during the financial year</b>				
• Addition	31.50	26.14	NIL	57.64
• Reduction	0	26.14	NIL	26.14
<b>Net Change</b>	31.50	0	0	31.50
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	31.50	0	NIL	31.50
ii) Interest due but not paid	0	0	NIL	0
iii) Interest accrued but not due	0	0	NIL	0
<b>Total (i+ii+iii)</b>	31.50	0	NIL	31.50

**6) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

**B. Remuneration of other directors:** NIL

**C. Remuneration to Key Managerial Personnel (KMP) other than MD/MANAGER/WTD:** NIL

**7) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty	None				
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty	None				
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board

**Sd/-**  
**Anita Arjundas**  
Chairperson  
DIN: 243215

Mumbai, 13<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

### To The Members Of Mahindra Industrial Park Chennai Limited Report on the Financial Statements

We have audited the accompanying financial statements of **Mahindra Industrial Park Chennai Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company did not have any pending litigation which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Dated: 13<sup>th</sup> April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Mahindra Industrial Park Chennai Limited** (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system

over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm’s Registration No. 117366W/W-100018

**Geetha Suryanarayanan**

Partner

Membership No. 29519

Place: Chennai

Date: 13<sup>th</sup> April, 2016

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) The Company does not have any fixed assets and hence reporting under clause (i) of the CARO 2016 is not applicable.
- (ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds are at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits outstanding at any time during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31<sup>st</sup> March, 2016 on account of disputes
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised or as per purposes revised with appropriate approvals. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid/provided managerial remuneration.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm’s Registration No. 117366W/W-100018

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : 13<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital.....	3	1,700,000,000	500,000
Reserves and surplus.....	4	76,588,477	(109,608)
		<u>1,776,588,477</u>	<u>390,392</u>
<b>Non-current liabilities</b>			
(a) Long-term borrowings.....	5	315,000,000	-
		<u>315,000,000</u>	<u>-</u>
<b>Current liabilities</b>			
(a) Trade Payables.....	6		
(A) Total outstanding dues of micro enterprises and small enterprises.....		-	-
(B) Total outstanding dues of Creditors other than micro enterprises and small enterprises.....		258,919,420	109,608
(b) Other current liabilities.....	7	1,953,488	-
		<u>260,872,908</u>	<u>109,608</u>
<b>TOTAL</b> .....		<u>2,352,461,385</u>	<u>500,000</u>
<b>ASSETS</b>			
<b>Current assets</b>			
(a) Inventories.....	8	2,344,210,904	-
(b) Cash and cash equivalents.....	9	4,844,532	500,000
(c) Short term loans and advances.....	10	3,405,949	-
		<u>2,352,461,385</u>	<u>500,000</u>
<b>TOTAL</b> .....		<u>2,352,461,385</u>	<u>500,000</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**Chartered Accountants  
Firm's Registration No. 117366W/W-100018**Geetha Suryanarayanan**Partner  
Membership No. 29519

Place: Chennai

Date: 13<sup>th</sup> April, 2016**Anita Arjundas**  
Chairperson  
(DIN: 00243215)**S. Chandru**  
Director  
(DIN: 00243025)**Chandrasekar Siddarth**  
Chief Financial Officer**For and on behalf of the Board of Directors****Sangeeta Prasad**  
Director  
(DIN: 02791944)**Rajagopalan Santhanam**  
Director  
(DIN: 00237740)

Place : Mumbai

Date : 13<sup>th</sup> April, 2016

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	For the year ended	For the period from
		31 <sup>st</sup> March, 2016	22 <sup>nd</sup> December, 2014 to 31 <sup>st</sup> March, 2015
		₹	₹
Revenue from operations .....		–	–
<b>Total revenue</b> .....		–	–
<b>Expenses</b>			
Cost of land and project development.....		2,326,251,301	–
Changes in inventories .....	11	(2,344,210,904)	–
Finance cost .....	12	17,959,603	–
Other expenses .....	13	13,301,915	109,608
<b>Total expenses</b> .....		13,301,915	109,608
Loss before tax .....		(13,301,915)	(109,608)
<b>Tax expenses</b> .....		–	–
Loss for the year/period .....		(13,301,915)	(109,608)
Basic earnings per share – Not annualised (# Previous period Not annualised) .....		(0.33)	(2.19)

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
Firm's Registration No. 117366W/W-100018

**Geetha Suryanarayanan**

Partner  
Membership No. 29519

Place: Chennai

Date: 13<sup>th</sup> April, 2016

**Anita Arjundas**

Chairperson  
(DIN: 00243215)

**S. Chandru**

Director  
(DIN: 00243025)

**Chandrasekar Siddarth**

Chief Financial Officer

**For and on behalf of the Board of Directors**

**Sangeeta Prasad**

Director  
(DIN: 02791944)

**Rajagopalan Santhanam**

Director  
(DIN: 00237740)

Place : Mumbai

Date : 13<sup>th</sup> April, 2016



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	For the year ended	For the period from
	31 <sup>st</sup> March, 2016	22 <sup>nd</sup> December, 2014 to 31 <sup>st</sup> March, 2015
	₹	₹
<b>A. Cash flow from operating activities</b>		
Net Profit before tax.....	(13,301,915)	(109,608)
<i>Adjustments for:</i>		
ROC filing fee .....	12,860,000	–
Operating loss before working capital changes .....	(441,915)	(109,608)
<i>Changes in working capital:</i>		
Adjustments for (increase)/decrease in operating assets:		
Inventories .....	(1,324,710,904)	–
Short term loans and advances .....	(3,405,949)	–
	(1,328,116,853)	–
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables.....	258,809,812	109,608
Other long-term liabilities.....	1,953,488	–
	260,763,300	109,608
Cash generated from operations.....	(1,067,795,468)	–
<b>Net cash (used in) operating activities (A) .....</b>	<b>(1,067,795,468)</b>	<b>–</b>
<b>B. Cash flow from financing activities</b>		
Proceeds from the issue of Equity share capital including premium.....	770,000,000	500,000
ROC filing fee paid for increase in share capital.....	(12,860,000)	–
Proceeds from long term borrowings .....	315,000,000	–
<b>Net cash from financing activities (B) .....</b>	<b>1,072,140,000</b>	<b>500,000</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B) .....</b>	<b>4,344,532</b>	<b>500,000</b>
Cash and cash equivalents at the beginning of the year.....	500,000	–
<b>Cash and cash equivalents at the end of the year.....</b>	<b>4,844,532</b>	<b>500,000</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
Firm's Registration No. 117366W/W-100018

**Geetha Suryanarayanan**

Partner  
Membership No. 29519

Place: Chennai

Date: 13<sup>th</sup> April, 2016

**Anita Arjundas**

Chairperson  
(DIN: 00243215)

**S. Chandru**

Director  
(DIN: 00243025)

**Chandrasekar Siddarth**

Chief Financial Officer

**For and on behalf of the Board of Directors**

**Sangeeta Prasad**

Director  
(DIN: 02791944)

**Rajagopalan Santhanam**

Director  
(DIN: 00237740)

Place : Mumbai

Date : 13<sup>th</sup> April, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Note Particulars

#### 1 Corporate information

The Company was incorporated on 22<sup>nd</sup> December, 2014 by Mahindra World City Developers Ltd (MWCDL) as a public limited company for carrying on the business of acquiring, development and maintenance of industrial parks for industrial, residential and commercial use. During the year, MWCDL entered into a Joint Venture Agreement (JVA) with Sumitomo Corporation, Japan and consequently, the operations of the Company will be managed by the joint venturers as per the terms agreed therein.

#### 2 Significant accounting policies

##### Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### 2.1 Inventories

Inventories are valued at lower of cost and net realisable value. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

##### 2.2 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

##### 2.3 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

##### 2.4 Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

##### 2.5 Segment reporting

The Company has a single reportable segment namely, lease of land for properties to be constructed thereon.

##### 2.6 Earnings per share

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

##### 2.7 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

### Note 3 Share capital

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of ₹ 10 each with voting rights .....	170,000,000	1,700,000,000	50,000	500,000
<b>(b) Issued, Subscribed and fully paid up</b>				
Equity shares of ₹ 10 each with voting rights (Refer Note 3.4 Below)....	170,000,000	1,700,000,000	50,000	500,000
<b>Total .....</b>	<b>1,700,000,000</b>		<b>500,000</b>	

#### 3.1. Reconciliation of number of shares

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	₹	Number of shares	₹
<b>Equity Shares</b>				
Balance as at the beginning of the year .....	50,000	500,000	-	-
Add: Shares issued during the year .....	169,950,000	1,699,500,000	50,000	500,000
<b>Balance as at the end of the year .....</b>	<b>170,000,000</b>	<b>1,700,000,000</b>	<b>50,000</b>	<b>500,000</b>

#### 3.2. Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Equity shares with voting rights (in Nos.)	Equity shares with voting rights (in Nos.)
Mahindra World City Developers Limited, the holding company .....	102,000,000	50,000

#### 3.3. Details of equity shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
- Mahindra World City Developers Limited * .....	102,000,000	60.00%	50,000	100.00%
- Sumitomo Corporation, Japan .....	68,000,000	40.00%	-	0.00%
	<b>170,000,000</b>	<b>100.00%</b>	<b>50,000</b>	<b>100.00%</b>

\* Shares issued during the year was for consideration other than cash

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 3.4 Terms/rights attached to Equity Shares

- The Company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.
- The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting.
- Repayment of capital will be in proportion to the number of equity shares held.

### Note 4 Reserves and surplus

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
a. Securities Premium account (Refer Note below).....	90,000,000	—
	90,000,000	
b. (Deficit) in statement of profit and loss		
Opening balance.....	(109,608)	—
Loss for the year.....	(13,301,915)	(109,608)
Closing balance.....	(13,411,523)	(109,608)
<b>Total (a + b).....</b>	<b>76,588,477</b>	<b>(109,608)</b>

Note: During the year the Company issued 68,000,000 equity shares @premium of ₹ 1.323 per share.

### Note 5 Long-term borrowings

Term loans (Secured)		
from HDFC Limited.....	315,000,000	—
<b>Total.....</b>	<b>315,000,000</b>	<b>—</b>

- Term loan carries an interest of HDFC CPLR - 680 points. Principal to be repaid in 16 equal quarterly instalments, commencing from March 2019, after a moratorium of 36 months. Current rate of interest is 10.85%.
- Term loans are secured by equitable Mortgage by deposit of title deeds of 231 acres of land.

### Note 6 Trade payables

Trade payables		
- MWCDL.....	258,581,920	—
- Others.....	337,500	109,608
<b>Total.....</b>	<b>258,919,420</b>	<b>109,608</b>

### Note 7 Other current liabilities

Tax Deducted at Source.....	1,953,488	—
<b>Total.....</b>	<b>1,953,488</b>	<b>—</b>

### Note 8 Inventories (at lower of cost and net realisable value)

Work-in-progress (representing cost of land and related expenditure including interest).....	2,344,210,904	—
<b>Total.....</b>	<b>2,344,210,904</b>	<b>—</b>

### Note 9 Cash and cash equivalents

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Balances with bank in current account....	4,844,532	500,000
<b>Total.....</b>	<b>4,844,532</b>	<b>500,000</b>

### Note 10 Short-term loans and advances

Balances with government authorities - service tax input credit.....	3,405,949	—
<b>Total.....</b>	<b>3,405,949</b>	<b>—</b>

### Note 11 Changes in inventories

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the period from 22 <sup>nd</sup> December, 2014 to 31 <sup>st</sup> March, 2015 ₹
<b>Inventories at the end of the year:</b>		
Work-in-progress.....	2,344,210,904	—
	2,344,210,904	—
<b>Inventories at the beginning of the year:</b>		
Work-in-progress.....	—	—
	—	—
<b>Net (increase)/decrease.....</b>	<b>(2,344,210,904)</b>	<b>—</b>

### Note 12 Finance cost

(i) Interest on Term loan from HDFC Limited.....	1,663,371	—
(ii) Interest others – Mahindra World City Developers Limited.....	8,758,732	—
(iii) Other Borrowing cost.....	7,537,500	—
<b>Total.....</b>	<b>17,959,603</b>	<b>—</b>

### Note 13 Other expenses

Professional fees.....	70,350	—
ROC Filing Fees.....	12,906,462	59,608
Bank charges.....	103	—
Remuneration to auditors.....	325,000	50,000
<b>Total.....</b>	<b>13,301,915</b>	<b>109,608</b>
(i) Remuneration to the auditors comprises		
Statutory audit.....	325,000	50,000
<b>Total.....</b>	<b>325,000</b>	<b>50,000</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Note 14 Disclosures under Accounting Standards

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>14.1 Details of borrowing costs inventorised</b>		
Borrowing costs inventorised during the year.....	17,959,603	-
<b>14.2 Contingent liabilities and commitments</b>	Nil	Nil
<b>14.3 Dues to Micro and Small Enterprises</b>	Nil	Nil

#### Note Particulars

#### 14.4 Related party transactions

##### 14.4.a Details of related parties:

##### Description of relationship

Ultimate Holding Company	Mahindra & Mahindra Limited
Parent of the Holding Company	Mahindra Lifespace Developers Limited
Holding Company	Mahindra World City Developers Limited
Fellow Subsidiaries	Mahindra Consulting Engineers Limited
Key Management Personnel (KMP)	Mr. Chandrasekar Siddarth, Chief Financial Officer - From 11th February 2016
Joint Venturer (by virtue of Joint Venture Agreement between Mahindra World City Developers Limited and Sumitomo Corporation, Japan) with effect from 13 <sup>th</sup> January 2016	Sumitomo Corporation, Japan

Note: Related parties have been identified by the Management and relied upon by the auditors.

### Details of related party transactions during the year ended 31<sup>st</sup> March, 2016 and balances outstanding as at 31<sup>st</sup> March, 2016:

Note	Particulars	Sumitomo Corporation, Japan	Mahindra World City Developers Limited	Fellow Subsidiaries
14.4.b				
	<b>Transactions during the year</b>			
	Share capital issued (including premium)	770,000,000	1,019,500,000	
	Purchase of land		2,104,667,000	
	Interest on receivables		8,758,732	
	Professional Charges paid - Mahindra Consulting Engineers Limited		1,649,184	4,530,246
	Reimbursement of Expenses paid		11,283,775	
	<b>Balance Outstanding as at the year end</b>			
	Payables		258,581,920	

Previous years figures – Nil

Managerial Remuneration and payment to KMP is ₹ Nil.

#### Note 14.5 Earnings per share

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>Basic</b>		
Net loss for the year/period attributable to the equity shareholders (₹).....	(13,301,915)	(109,608)
Weighted average number of equity shares (Nos.) .....	40,744,110	500,000
Par value per share (₹) .....	10	10
Earnings per share – Basic (₹) .....	(0.33)	(2.19)

#### Note 15 Previous year figures

Previous period figures are for a period of 3 months and 10 days and hence are not comparable with those of the current period of 12 months.

### For and on behalf of the Board of Directors

#### For Deloitte Haskins & Sells LLP

Chartered Accountants  
Firm's Registration No. 117366W/W-100018

**Anita Arjundas**  
Chairperson  
(DIN: 00243215)

**Sangeeta Prasad**  
Director  
(DIN: 02791944)

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

**S. Chandru**  
Director  
(DIN: 00243025)

**Rajagopalan Santhanam**  
Director  
(DIN: 00237740)

**Chandrasekar Siddarth**  
Chief Financial Officer

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

Place : Mumbai  
Date : 13<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Twentieth report together with the audited financial statement of your Company for the financial year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS (STAND-ALONE)

Particulars	(₹ in lakh)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income.....	5,828.52	15,567.10
Profit/(Loss) Before Depreciation, Finance Costs and Taxation .....	1,607.78	5,097.41
Less: Depreciation.....	15.14	1.31
Profit/(Loss) Before Finance Cost and Taxation.....	1,592.64	5,096.10
Less: Finance Cost.....	949.22	896.59
Profit/(Loss) Before Taxation .....	643.42	4,199.51
Less: Provision for Taxation .....	144.07	148.11
Profit/(Loss) for the year after Taxation.....	499.35	4,051.39
Add: Balance of Profit/(Loss) for earlier years .....	2,331.33	(710.84)
Less: Debenture Redemption Reserve .....	489.58	-
Amount available for appropriation.....	2,341.10	3,340.55
Depreciation on Transition Adjustment.....	-	0.52
Interim Dividend on Equity Shares .....	-	1,008.70
Balance carried forward .....	2,341.10	2,331.33

### DIVIDEND

With a view to conserve the resources of the Company for its growth plan, the Directors have not recommended dividend for financial year 2015-2016.

### RESERVES

Out of balance of Profit for earlier years, the Company has transferred ₹ 489.58 lakh to Debenture Redemption Reserve account. The Profit for the year ₹ 499.35 lakh has been carried forward to P & L account.

### OPERATIONS

The Company is engaged as a co-developer in developing a residential township at Mahindra World City, Chennai. Its current developments include 'Iris Court' and 'Nova'. Additionally, the Company has approximately 139 acres to be developed in phases for offering products in different formats and segments in the Mahindra World City, Chennai.

'Iris Court' is spread over 18 acres with an estimated total saleable area of 0.86 million square feet, 95% of which has been sold upto March, 2016. With the completion of the last phase – 3B during the year, the construction of the entire project has been completed and handover are underway.

'Nova', spread over 7 acres with an estimated saleable area of 0.54 million square feet was launched in the year 2013-14. During the year, the Company launched phases 2A & 2B of the project with 194 units and 175 units respectively. 49% of the launched area has been sold as of March, 2016. The Construction of Phase 1 has been completed while phase 2A

& 2B are progressing as per schedule.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

### SHARE CAPITAL

Authorised equity share capital of the Company is ₹ 60 crore and paid-up share capital of the Company is ₹ 50.435 crore. The paid-up equity capital of the Company is held by Mahindra Lifespace Developers Limited (MLDL) and Mahindra World City Developers Limited in the ratio of 73.36:25.78 respectively.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

### NON-CONVERTIBLE DEBENTURES

On 31<sup>st</sup> August, 2015, the Company had issued and allotted 750 – Secured Unlisted Rated Redeemable 9.6 per cent YTM, Non-Convertible Debentures (NCDs) with a face value of ₹ 10,00,000 (Rupees Ten lakh only) each for cash at par, aggregating ₹ 75 crore (Rupees Seventy Five crore) vide Series I, Series II, and

Series III on Private Placement basis. The proceeds of the NCDs issue have been fully utilised for the purposes of the issue.

#### NETWORTH

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was ₹ 7,374.83 lakh and ₹ 7,874.18 lakh respectively.

#### HOLDING COMPANY

Your Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

#### SUBSIDIARIES COMPANY, JOINT VENTURE AND ASSOCIATE COMPANIES

Mahindra Residential Developers Limited (MRDL) continues to be a subsidiary of your Company and consequently a subsidiary company of, Mahindra Lifespace Developers Limited and of the ultimate holding company Mahindra & Mahindra Limited. During the year, no company has become/ceased to be subsidiary/associate or joint venture company of your Company.

MRDL project 'Aqualily' is a premium project within Mahindra World City, Chennai. Spread across 55 acres of land, the project offers villas and apartments with an estimated saleable area of 1.57 million square feet of which 1.39 million square feet has been launched and 1.01 million square feet has been sold upto March 2016. MRDL has completed the construction of Villas, 3 Phases of apartments 2C1 which was completed during the year, taking the total completed area under the project to 1.23 million square feet. Construction for the next phase of apartments (2C2) covering 0.16 million square feet is progressing as per schedule.

#### CONSOLIDATED FINANCIAL STATEMENTS

During the year, the Board of Directors reviewed the affairs of Mahindra Residential Developers Limited, subsidiary of your company. In accordance with Section 129(3) of the Companies Act, 2013 and applicable accounting standard, we have prepared audited consolidated financial statement, which is attached along with the financial statement of the Company. Further, a statement containing salient features of the financial statement of the subsidiary in the prescribed format AOC-1 is also attached to the financial statement.

#### BOARD OF DIRECTORS

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive Non-Independent Director
Mr. R. Santhanam	00237740	Independent Director
Mr. M. S. Jagan	02002827	Independent Director
Mr. S. Chandru	00243025	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. S. Chandru (DIN: 00243025) a Non-Executive and Non-Independent Director retires by rotation at the ensuing Annual General Meeting of the Company and is eligible for re-appointment. However, Mr. S. Chandru has expressed his desire not to seek re-appointment. Accordingly, the Board recommended that the vacancy, so created on the Board of Directors of the Company, be not filled. The Board placed on record its deep appreciation of the valuable services rendered by Mr. S. Chandru during his tenure as a Director of the Company.

Pursuant to Section 152 of the Companies Act, 2013, Ms. Anita Arjundas retires by rotation at the forthcoming Annual General Meeting of the Company and has offered herself for re-appointment.

Pursuant to Section 161 of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, the Board of Directors at its meeting held on 13<sup>th</sup> April, 2016 had appointed Ms. Sangeeta Prasad (DIN: 02791944) as an Additional Non-Executive Non-Independent Director of the Company with effect from 13<sup>th</sup> April, 2016. In terms of said Section and Articles of Association of the Company, Ms. Sangeeta Prasad holds office upto the date of forthcoming Annual General Meeting.

The Board is of the view that Ms. Sangeeta Prasad's knowledge and experience will be of benefit and value to the Company, and therefore, it is proposed to appoint Ms. Sangeeta Prasad as Director of the Company at the ensuing Annual General Meeting of the Company. Pursuant to Section 160 of the Act, the company has received notice from shareholders along with prescribed deposit proposing candidature of Ms. Sangeeta Prasad as Director of the Company.

Accordingly, appointment of Ms. Sangeeta Prasad as Director of the Company is proposed at the ensuing Annual General Meeting for shareholders approval.

All the above Directors are not disqualified from being appointed/re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Act, declaration from all the Independent Directors is received affirming their independence in accordance with the Section 149(6) of the Act.

#### KEY MANAGERIAL PERSONNEL

As at 31<sup>st</sup> March, 2016, the Key Managerial Personnel of the Company comprise of following:

Sr. No	Key Managerial Personnel	Designation
1.	Mr. Jayantt Manmadkar	Manager
2.	Mr. Sivarajan Kumar Tulluri	Chief Financial Officer
3.	Mr. Ankit Shah	Company Secretary

During the year, Ms. K. Bharathy and Ms. Arti Shinde resigned from the position of Chief Financial Officer and Company Secretary of the Company with effect from 31<sup>st</sup> October, 2015 and 15<sup>th</sup> October, 2015, respectively. The Board places on record its sincere appreciation of their association with the Company.

Consequent to above resignations, Mr. Sivarajan Kumar Tulluri and Mr. Ankit Shah were appointed as the Chief Financial Officer and the Company Secretary of the Company with effect from 13<sup>th</sup> January, 2016 and 16<sup>th</sup> October, 2015, respectively.

## COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

The Audit Committee comprises of two Independent Directors, namely Mr. M. S. Jagan, Mr. R. Santhanam and one Non-Executive Non-Independent Director, Ms. Anita Arjundas. Mr. M. S. Jagan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

On 17<sup>th</sup> April, 2015, the Board constituted CSR Committee comprising of one Independent Director, Mr. M. S. Jagan and two Non-Executive Non-Independent Directors, Ms. Anita Arjundas and Mr. S. Chandru. Ms Anita Arjundas is the Chairperson of the Committee.

During the year, the Company contributed ₹ 32.17 lakh towards Corporate Social Responsibility. The annual report on the CSR activities providing brief details on CSR policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report.

### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprise of two Independent Directors, namely Mr. R. Santhanam, Mr. M. S. Jagan and two Non-Executive Non-Independent Directors, Ms. Anita Arjundas and Mr S. Chandru. Mr. R. Santhanam is the Chairman of the Committee.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under Section 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3** and **Annexure 4**, respectively to this report:

1. Policy on appointment of Directors and Senior Management (**Annexure 2**)
2. Policy on remuneration of Directors (**Annexure 3**)
3. Policy on remuneration of Key Managerial Personnel and Employees (**Annexure 4**)

### MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once without the presence of the Non-Independent Director(s) or Chief Financial Officer or any other Management Personnel. The Meeting was conducted to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity, and timeliness of flow of information between the Company Management and

that Board that is necessary for the Board to effectively and reasonably perform their duties.

## PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

### MEETINGS

During the year, four meetings of the Board of Directors and Audit Committee were convened and held on following dates:

17<sup>th</sup> April, 2015, 14<sup>th</sup> July, 2015, 16<sup>th</sup> October, 2015 and 13<sup>th</sup> January, 2016.

During the year, three meetings of Nomination & Remuneration Committee (NRC) were convened and held on the following dates:

17<sup>th</sup> April, 2015, 16<sup>th</sup> October, 2015 and 13<sup>th</sup> January, 2016.

During the year, three meeting of Corporate Social Responsibility (CSR) Committee were convened and held on the following dates:

14<sup>th</sup> July, 2015, 16<sup>th</sup> October, 2015 and 13<sup>th</sup> January, 2016.

The details of the number of meetings of the Board and the Committees thereof attended by the respective members of the Board/Committees are given below:

Sr. No.	Name of the Director	Board meetings attended	Audit Committee meetings attended	NRC meetings attended	CSR Committee meetings attended
1.	Ms. Anita Arjundas	4	4	3	3
2.	Mr. S Chandru	4	4	3	3
3.	Mr. R. Santhanam	4	4	3	–
4.	Mr. M S Jagan	4	4	3	3

The previous Annual General Meeting of the Company was held on 14<sup>th</sup> July, 2015.

## CODE OF CONDUCT

The Company has adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the financial year 2015-16, received declarations under the Codes from the Board members and Independent Directors of the Company affirming compliance with the respective Codes.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2016 and of the profit of the Company for that period;
- (c) they had 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;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to the financial statement. The Audit Committee of the Board reviews the internal control systems with the auditors.

#### **VIGIL MECHANISM/WHISTLE BLOWER MECHANISM**

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company. The Whistle Blower Policy of the Company is attached herewith as **Annexure 5**.

#### **RISK MANAGEMENT**

The Company already has in place the procedure to inform the Board about the risk assessment and minimisation procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to

mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

#### **AUDITORS**

M/s. A. F. Ferguson & Co., Chartered Accountants, (Reg No. 112066W) Chennai, retire as Auditors at the forthcoming Annual General Meeting. The members will be required to appoint Auditors in terms of relevant provisions of the Companies Act, 2013 and fix their remuneration.

As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. A. F. Ferguson & Co., Chartered Accountants, Chennai, proposed to be re-appointed as Auditors for one year i.e. upto conclusion of the 21<sup>st</sup> Annual General Meeting of the Company, to the effect that their re-appointment, if made, would be in conformity within the limits specified in the said Section.

Accordingly, the Board of Directors recommends to the shareholders for approval of re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Chennai, as the Statutory Auditors of the Company to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer and therefore does not call for any further comments.

The requirements of having cost auditor are presently not applicable to your Company.

#### **SECRETARIAL AUDITOR**

The Board has appointed M/s M.K. Surana & Co, Practising Company Secretary, to conduct the secretarial audit for the financial year 2015-16. The Secretarial Audit report for the financial year ended 31<sup>st</sup> March, 2016 is annexed herewith and marked as **Annexure 6** to this Report.

The Secretarial audit report does not contain any qualification, reservation, adverse remark or disclaimer and therefore does not call for any further comments.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

As your Company is engaged in the business of developing residential units, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. The particulars of investment are provided in the financial statement at note no.12.

#### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-



section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

#### **DEPOSITS, LOANS AND ADVANCES**

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 7** to this report.

#### **EMPLOYEE REMUNERATION**

Being an Unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 8** and forms part of this Report.

#### **SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

#### **SUSTAINABILITY**

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

#### **GENERAL**

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor and Secretarial Auditor of the Company.

#### **CAUTIONARY STATEMENT**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

#### **ACKNOWLEDGMENT**

The Directors would like to thank all shareholders, customers, bankers, contractors and suppliers of the Company for the support received from them during the year.

For and On Behalf of the Board,

**Anita Arjundas**

Chairperson

DIN: 00243215

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE 1

### THE ANNUAL REPORT ON CSR ACTIVITIES

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

The Company is driven by its mission of 'Transforming urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. Our current focus areas for our CSR efforts include education, environment, skill development and preventive healthcare. This is in alignment with Mahindra Group's core purpose of challenging conventional thinking and innovatively using all resources to drive positive change in the lives of our stakeholders and communities, thus enabling them to Rise. Inclusive development at all our project locations ensures that we grow with the communities surrounding us, thereby enabling truly sustainable living.

**2. The composition of the CSR Committee**

The CSR Committee of the Company comprise of Ms. Anita Arjundas (Chairperson of the Committee), Mr. M. S. Jagan, Independent Director and Mr. S. Chandru, Non-Executive Non-Independent Director of the Company.

**3. Average net profit of the Company for last three financial years.**

The average net profit of the Company for the last three financials years- ₹ 1,608.28 lakh

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

Prescribed CSR Spend (2% of above amount) - ₹ 32.17 lakh

**5. Details of CSR spent during the financial year:**

- a. Total amount to be spent for the financial year: ₹ 32.17 lakh
- b. Amount unspent, if any: Nil
- c. Manner in which the amount spent during the financial year is detailed below,

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	CSR project of activity identified	Sector in which the project is covered	Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Nanhi Kali – sponsored Girl child education	Education	Chennai	16.09	Direct expenditure: 16.09	16.09	Implementing Agency: KC Mahindra Education Trust
2.	School Expansion	Education	Chennai	8.05	Direct expenditure: 8.05	8.05	Mahindra World School Educational Trust
3.	Project Haryali – Tree Plantation	Environment	Chennai	3.05	Direct expenditure: 3.05	3.05	World Vision
4.	Skill development for Self Help Group - Skill development & financial planning for SHG activities	Education	Chennai	2.98	Direct expenditure: 2.98	2.98	World Vision
5.	Flood Relief to flood affected families in the nearby vicinity of Mahindra World City, Chennai	Health	Chennai	2.00	Direct expenditure: 2.00	2.00	–

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company**

The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

**Anita Arjundas**

(Chairperson of Board and CSR Committee)

Mumbai, 13<sup>th</sup> April, 2016

**S. Chandru**

(Member of CSR Committee)

Mumbai, 13<sup>th</sup> April, 2016

## ANNEXURE 2

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

#### I. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Integrated Township Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are/will be members of its Core Management Team/ Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### II. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:
  - a. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

- b. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
- c. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

2. Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### III. REMOVAL OF DIRECTORS

1. If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### IV. SENIOR MANAGEMENT PERSONNEL

1. The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.
2. Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

Mumbai, 13<sup>th</sup> April, 2016

**Anita Arjundas**  
Chairperson  
DIN : 00243215

## ANNEXURE 3

### POLICY FOR REMUNERATION OF THE DIRECTORS

#### I. PURPOSE

This Policy sets out the approach to Compensation of Directors in Mahindra Integrated Township Limited.

#### II. POLICY STATEMENT

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### III. NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of Committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC

may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### IV. EXECUTIVE DIRECTORS:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

Mumbai, 13<sup>th</sup> April, 2016

**Anita Arjundas**  
Chairperson  
DIN : 00243215

**ANNEXURE 4****POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

This Policy shall be effective from the financial year 2014 - 15.

**OBJECTIVE**

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

**STANDARDS**

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas

(KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - a. The increment that needs to be paid for different performance ratings as well as grades.
  - b. The increment for promotions and the total maximum increment.
  - c. The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Mumbai: 13<sup>th</sup> April, 2016

## ANNEXURE 5

### WHISTLE BLOWER POLICY

#### 1. THE WHISTLE BLOWER POLICY SHALL COME INTO EFFECT FROM 1<sup>ST</sup> APRIL 2014.

#### 2. PREFACE

Mahindra Integrated Township Limited (MITL) (“the Company”) is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as “Codes” or “the Codes”) and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as “Policies”) which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of Section 177 of Companies Act, 2013 (“the Act” or “Act”), the Company has been mandated to establish a vigil mechanism for Directors and employees of the Company to report to the Management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company’s Code or Policies.

Accordingly, this Whistle Blower Policy (“the Policy” or “this Policy”) has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Audit Committee.

#### 3. DEFINITIONS

The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/ Act.]

- a. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.
- b. **“Codes”** mean three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees.
- c. **“Director”** means a Director as defined under Section 2(34) of the Companies Act, 2013.
- d. **“Employee”** means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.

e. **“Investigators”** means those persons authorised, appointed, consulted or approached by the Audit Committee and the Police.

f. **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company’s Codes or Policies or any improper activity.

g. **“Subject”** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

h. **“Whistle Blower”** means a Director or Employee making a Protected Disclosure under this Policy.

#### 4. SCOPE

- a. The Whistle Blower’s role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Audit Committee or the Investigator.
- c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

#### 5. ELIGIBILITY

All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

#### 6. PROCEDURE

- a. All Protected Disclosures should be addressed to the Audit Committee.
- b. If a protected disclosure is received by any Executive(s) of the Company other than the Audit Committee member, the same should be forwarded to the Audit Committee for further appropriate action.
- c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.
- d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).

- e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

## 7. INVESTIGATION

- a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Audit Committee who would investigate/oversee the investigations.
- b. The Audit Committee may at their discretion, consider involving any Investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d. The identity of a Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- g. Subjects have a right to consult with a person or persons of their choice, other than the Audit Committee.
- h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- j. Subjects have a right to be informed of the outcome of the investigation.

- k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

## 8. PROTECTION

- a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.
- b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.
- c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.
- d. A Whistle Blower(s) may report any violation of the above Clause to the Audit Committee who shall investigate into the same and advise suitable action to the Management.
- e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

## 9. DISQUALIFICATIONS

- a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.
- c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

## 10. INVESTIGATORS

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour and observance of legal and professional standards.
- c. Investigations would be launched only after a preliminary review by the Audit Committee, as the case may be, which establishes that:
  - i. the alleged act constitutes an improper or unethical activity or conduct; and
  - ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

## 11. DECISION

If an investigation leads the Audit Committee to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed,

the Audit Committee shall advise to the Management of the Company to take such disciplinary or corrective action as the Audit Committee may deem fit.

## 12. REPORTING

A report with number of complaints received under this Policy and their outcome shall be placed before the Audit Committee on a regular basis.

## 13. RETENTION OF DOCUMENTS

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of seven years.

## 14. AMENDMENT

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/Directors unless the same is notified to the Employees/Director.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Place: Mumbai  
Date: 13<sup>th</sup> April, 2016



## ANNEXURE 6

### SECRETARIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of managerial Personnel) Rules, 2014]*

To,  
The Members,  
Mahindra Integrated Township Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Integrated Township Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Mahindra Integrated Township Limited's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2016, adequately complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by Mahindra Integrated Township Limited for the financial year ended on 31.03.2016, according to the provisions of the Companies Act, 2013 (the Act) and the rules made thereunder and we report that the Company has complied with the provisions of the Act, the Rules made thereunder and the Memorandum and Articles of Association of the Company.

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable to the Company is given below.

- |  |   |
|--|---|
| (i) The Right to Fair Compensation & Transparency in land Acquisition, Rehabilitation & Resettlement Act, 2013.              | (v) The Air(Prevention and Control of Pollution) Act, 1981  |
| (ii) The Building & Other Construction Workers (Regulation of employment and conditions of service) Act, 1996.               | (vi) The Competition Act, 2002  |
| (iii) The Building & Other Construction Workers (Regulation of employment and conditions of service) Welfare Cess Act 1996.  | (vii) The Central Sales Tax, 1956   |
| (iv) Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations | (viii) The Central Excise Act at various locations as applicable  |
|  | (ix) The Consumer Protection Act, 1986  |
|  | (x) The Ownership Flats & Apartment Ownership Act as applicable at various locations                                      |
|  | (xi) The Environment Protection Act, 1986   |
|  | (xii) The Public Liability Insurance Act, 1991  |
|  | (xiii) The Registration Act, 1908   |
|  | (xiv) The Special Economic Zone Act, 2005 and rules thereunder  |
|  | (xv) The Water(Prevention and Control of Pollution) Act, 1974   |
|  | (xvi) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder. |
|  | (xvii) The Child Labour (Prohibition & Regulation ) Act, 1986   |
|  | (xviii) The Contract Labour (Regulation & Abolition) Act, 1970  |
|  | (xix) The Employee's Compensation Act, 1923   |
|  | (xx) The Employees' Provident Funds and Miscellaneous Provision Act, 1952   |
|  | (xxi) The Employees State Insurance Act, 1948   |
|  | (xxii) The Employers' Liability Act, 1938   |
|  | (xxiii) The Equal Remuneration Act, 1855  |
|  | (xxiv) The Indian Fatal Accidents Act, 1855   |
|  | (xxv) The Industrial Disputes Act, 1947   |
|  | (xxvi) The inter State Migrant Workmen (Regulation of Employment & Condition of Services) Act, 1979                       |
|  | (xxvii) The Maternity Benefit Act, 1961   |
|  | (xxviii) The Minimum Wages Act, 1948  |
|  | (xxix) The payment of Bonus Act, 1965   |
|  | (xxx) The payment of Gratuity Act, 1972   |
|  | (xxxii) The Personal Injuries (Compensation Insurance) Act, 1963  |
|  | (xxxi) The payment of Wages Act, 1936   |

- (xxxiii) The Private Security Agency (Regulation) Act, 2005
- (xxxiv) The Stamp Acts as applicable at various locations.
- (xxxv) The Co-operative Societies Act, as applicable at various locations
- (xxxvi) Shops & Establishment Act, as applicable at various locations.
- (xxxvii) The Cyber Law
- (xxxviii) The Foreign Exchange Management Act, 1999
- (xxxix) The Income Tax Act, 1961 and Rules thereunder
- (xxxx) The Indian Stamp Act, 1899
- (xli) The Information technology Act, 2000
- (xlii) The Intellectual Property Act
- (xliii) The Negotiable Instruments Act, 1881
- (xliv) The Prevention of Corruption Act, 1988
- (xlv) The Prevention of Money Laundering Act, 2002
- (xlvii) The Service Tax (Chapter V of Finance Act, 1994) and Rules
- (xlviii) The Standards of Weights and Measures Act 1976
- (xlvix) The Wealth Tax Act, 1956
- (xlvi) Value Added Tax as applicable for various states
- (xlv) The State Labour Laws as applicable at various locations

During the Audit Period, the below mentioned laws are not applicable to the Company as the Company is not listed on any of the Stock Exchanges:

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of Secretarial Standards on Board Meeting and General Meeting issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs. The said Secretarial Standards have been followed by the Company.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review. As on 31.03.2016, the Board of Directors consists of Ms. Anita Arjundas, Chairperson, Non-Executive Non-Independent Director, Mr. Sethuraman Chandru, Non-Executive Non-Independent Director, Mr. Murari Swamimalai Jagan, Independent Director and Mr. Rajagopalan Santhanam, Independent Director.

As on 31.03.2016, the Key Managerial Personnel of the Company comprise of Mr. Sivararajan Tulluri as Chief Financial Officer, Mr. Ankit Manoj Shah as Company Secretary and Mr. Jayant Bhalchandra Manmadkar as Manager.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, except following specific events/actions, there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above has taken place –

- Pursuant to Section 180(1)(a) of the Companies Act, 2013, Shareholders' at the Extra-Ordinary General Meeting held on 16th October 2015 granted authority to the Board of Directors under section 180(1)(a) of the Companies Act, 2013 for creation of charge on the assets of the Company upto the limit not exceeding Rs. 600 crores and necessary e-form MGT-14 was filed with the ROC on 07.11.2015.
- Ms. K Bharathy resigned from the position of Chief Financial Officer of the Company with effect from 31.03.2015 and necessary e-form DIR-12 was filed with ROC on 07.11.2015 by payment of Additional Fees.
- Ms. Arti Ramesh Chandra Batavia resigned from the post of Company Secretary of the Company with effect from 15.10.2015 and necessary e-form DIR-12 was filed with ROC on 07.11.2015.
- Pursuant to Section 203 of the Companies Act, 2013 read with Rule 8 and 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Ankit Manoj Shah was appointed as Company Secretary of the Company with effect from 16.10.2015 and necessary e-forms MGT-14 (by payment of additional fees), DIR-12 and MR-1 was filed with ROC on 17.11.2015, 07.11.2015 and 18.11.2015 respectively.
- Pursuant to Section 203 of Companies Act, 2013, Mr. Sivaranjan Tulluri was appointed as Chief Financial Officer of the Company with effect from 13.01.2015 and necessary e-forms DIR-12 MR -1 and MGT-14 was filed with ROC on 03.02.2016, 03.02.2016 and 05.02.2016 respectively.
- Shareholders' Approval was accorded in the EGM held on 14.07.2015 to the Board pursuant to Section 42 and 71 of the Companies Act, 2013 to Issue non-convertible Debentures via Private Placement amounting to Rs. 150,00,00,000/- to such persons/ Financial Institutions/ Banks/Mutual Funds/ Body Corporate/ Companies/ any other entities on such terms and conditions as the Board may think deem fit during a period of One year from date of shareholders' approval and necessary e-form MGT-14 has been filed with ROC on 10.08.2015.
- Pursuant to section 42 read with rule 14(1) and section 42(7) read with rule 14(3) of Companies (Prospectus and Allotment of Securities) Rules, 2014, the Company has issued Private Placement offer letter in PAS -4 and Information memorandum in PAS-5 respectively for issue of 750, 7% Secured Redeemable Non-Convertible Debentures of face value of Rs.10,00,000/- and necessary e-form GNL-2 has been filed with ROC on 30.09.2015.
- Pursuant to section 39(4), 42 (9) and Section 71 of the Companies Act, 2013 and Rule 12 and 14 Companies (Prospectus and Allotment of Securities) Rules, 2014, the Company had allotted 750,7% Secured Redeemable Non-Convertible Debentures of a face value of Rs.10,00,000/- to M/s. ICICI Prudential Regular Saving Plan on 31.08.2015 and the necessary e-form PAS -3 has been filed with ROC on 30.09.2015. The necessary Debenture certificates were issued, Debenture Redemption Reserve was created and charge was also created in Form CHG-9 and was filed with ROC on 28.11.2015.
- Pursuant to Section 135, Section 134(3)(o) and Section 206 of the Companies Act 2013, the Company received a notice from Registrar of Companies (ROC), Chennai on 31.03.2016 to furnish the information with respect to compliance of Corporate Social Responsibility for the year 2014-2015. The Company had submitted its reply to ROC, Chennai on 06.04.2016, submitting that CSR provisions were not applicable to the Company for the financial year 2014-2015. No further queries with regard to the above reply have been received from ROC till date.
- Show Cause Notice was received from the Commissioner of Central Excise dated 13.10.2015 with respect to Service Tax demand of Rs. 24.96 crore denying exemption under notification no. 1/2006 dated 01.03.2006 and No. 26/2012 dated 20.06.2012. The Company had filed Writ Petition in High Court, Madras challenging the show cause notice and obtained an order of status quo whereby the Commissioner of Central Excise is restrained from taking any further action pursuant to the show cause notice dated 13.10.2015. The interim order is still in force. Counter is yet to be filed by the Commissioner of Central Excise.

Place: Chennai  
Date: 13.04.2016

**For M K Surana & Co.,**  
Company Secretaries,

**M. Kavitha Surana**  
Proprietor  
FCS No. 5926, C. P. No. 5269

**‘ANNEXURE A’**

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to expression opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai  
Date: 13.04.2016

**For M. K. Surana & Co.,**  
Company Secretaries,

**M. Kavitha Surana**  
Proprietor  
FCS No. 5926, C. P. No. 5269

**ANNEXURE 7**

**(1) CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy;	<p>: As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and removal i.e. the complete building life cycle.</p> <p>Steps taken for energy conservation:</p> <ol style="list-style-type: none"> <li>1. Energy efficient Building envelops for walls and roofs</li> <li>2. Solar water heating system</li> <li>3. Heat Reflective paint</li> <li>4. Adoption of solar street lighting for landscape areas</li> <li>5. Adoption of high efficient pumps, motors</li> <li>6. Group control mechanism for lifts</li> <li>7. LED lamps for common areas &amp; pathways</li> <li>8. Timer based controller for landscape lighting</li> </ol>
(ii)	the steps taken by the company for utilising alternate sources of energy;	<p>: –</p>
(iii)	the capital investment on energy conservation equipments	<p>: It is a mandate in our organisation to develop all the projects as green building projects. We don't capture these expenses separately under environmental protection expenditures/green investments.</p> <p>During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself.</p> <p>These expenditures are mainly for:</p> <ol style="list-style-type: none"> <li>1. Use of energy efficient building envelops &amp; fenestration</li> <li>2. Heat reflective paint,</li> <li>3. Low flow fixtures,</li> <li>4. Sewage treatment plant,</li> <li>5. Rain water harvesting system,</li> <li>6. Organic waste converter,</li> <li>7. Energy efficient equipments such as pumps and motors, etc.</li> <li>8. Solar hot water systems,</li> <li>9. Energy efficient lighting fixtures such as LED's</li> </ol>

**(2) TECHNOLOGY ABSORPTION**

(i)	the efforts made towards technology absorption	:	The Company has adopted various alternate materials, methods like use of Glazy putty and use of light weight aggregate 'Cinder' for sunk filling and introduced automation in few activities for process improvement like adoption of Boom lifts for carrying out external painting activity
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Process improvement, Product Improvement
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	–
(iv)	the expenditure incurred on Research and Development	:	–

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, there are no foreign exchange earnings. The details of foreign exchange outgo is furnished in note no. 25 to Accounts.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Mumbai, 13<sup>th</sup> April, 2016

**ANNEXURE 8****FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>ST</sup> March, 2016

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

**1. REGISTRATION AND OTHER DETAILS:**

1.	CIN	U74140TN1996PLC068288
2.	Registration Date	24.06.1996
3.	Name of the Company	Mahindra Integrated Township Limited
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details	Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamil Nadu, India – 603002.Tel: +91 44 67455001
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	All equity shares of the Company are held in physical mode. For Non-Convertible Debentures, the Company has appointed M/s. Sharepro Services (I) Pvt. Limited, as the Registrar and Transfer Agent of the Company having its office at 13AB Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072. Tel.: 022-67720300.

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	100

\*As per National Industrial Classification- Ministry of Statistics and Programme Implementation.  
# on the basis of Gross Turnover.

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary / Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	73.36	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
3.	Mahindra Residential Developers Limited Address: Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamil Nadu, India – 603002.	U45200TN2008PLC066292	Subsidiary Company	100	2(87)(ii)

**4. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp		5,00,00,000	5,00,00,000	99.14	-	5,00,00,000	5,00,00,000	99.14	0.00
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	5,00,00,000	5,00,00,000	99.14	-	5,00,00,000	5,00,00,000	99.14	0.00
(2) <b>Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+ (A)(2)</b>	-	5,00,00,000	5,00,00,000	99.14	-	5,00,00,000	5,00,00,000	99.14	0.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh		60,000	60,000	0.12	-	60,000	60,000	0.12	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	3,75,000	3,75,000	0.72	-	3,75,000	3,75,000	0.72	0.00
c. Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d. Others-Trust	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	4,35,000	4,35,000	0.84	-	4,35,000	4,35,000	0.84	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	4,35,000	4,35,000	0.84	-	4,35,000	4,35,000	0.84	0.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	5,04,35,000	5,04,35,000	100	-	5,04,35,000	5,04,35,000	100	0.00



**(ii) Shareholding of Promoters**

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Lifespace Developers Ltd	3,69,99,994	73.37	0.00	3,69,99,994	73.37	0.00	0.00
2.	Mahindra Lifespace Developers Ltd & Arun Nanda	1	0.00	0.00	1	0.00	0.00	0.00
3.	Mahindra Lifespace Developers Ltd & Mario Nazareth	1	0.00	0.00	1	0.00	0.00	0.00
4.	Mahindra Lifespace Developers Ltd & Roshan Gandhi	1	0.00	0.00	1	0.00	0.00	0.00
5.	Mahindra Lifespace Developers Ltd & Sangeeta Prasad	1	0.00	0.00	1	0.00	0.00	0.00
6.	Mahindra Lifespace Developers Ltd & Ulhas Bhosale	1	0.00	0.00	1	0.00	0.00	0.00
7.	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	1	0.00	0.00	1	0.00	0.00	0.00
8.	Mahindra World City Developers Limited	1,30,00,000	25.77	0.00	1,30,00,000	25.77	0.00	0.00
	<b>Total</b>	<b>5,00,00,000</b>	<b>99.14</b>	<b>0.00</b>	<b>5,00,00,000</b>	<b>99.14</b>	<b>0.00</b>	<b>0.00</b>

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change):** There is no change in the Shareholding of Promoter Group.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NIL

**(v) Shareholding of Directors and Key Managerial Personnel (KMP):**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Anita Arjundas – Director</b> At the beginning of the year	1,00,001*	0.20	1,00,001*	0.20
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	1,00,001	0.20	1,00,001	0.20
2.	<b>S. Chandru – Director</b> At the beginning of the year	25,000	0.05	25,000	0.05
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	25,000	0.05	25,000	0.05

**Note:**

**\*Out of total 1,00,001 shares, 1 share is jointly held with Mahindra Lifespace Developers Limited (first shareholder) and balance in individual capacity.**

**None of the Key Managerial Personnel holds any shares in the Company.**

**5. INDEBTNESS**

Indebtness of the company including outstanding/accrued but not due for payment

Particulars	(₹ in lakh)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	8,470.00	Nil	8,470.00
ii) Interest due but not paid	Nil	344.98	Nil	344.98
iii) Interest accrued but not due	Nil	160.35	Nil	160.35
<b>Total (i + ii + iii)</b>	<b>Nil</b>	<b>8,975.33</b>	<b>Nil</b>	<b>8,975.33</b>

(₹ in lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Change in Indebtedness during the financial year</b>				
• Addition	8576.33	Nil	Nil	8576.33
• Reduction	Nil	7370.00	Nil	7370.00
<b>Net Change</b>	<b>8576.33</b>	<b>7370.00</b>	<b>Nil</b>	<b>1206.33</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	8576.33	1100.00	Nil	9676.33
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	307.81	3.03	Nil	310.84
<b>Total (i + ii + iii)</b>	<b>8884.14</b>	<b>1103.03</b>	<b>Nil</b>	<b>9987.17</b>

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONAL**

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other Directors:

Sr. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Ravi Santhanam	M S Jagan	
1.	Independent Directors			
	* Fees for attending board/committee meetings	1.30	1.30	2.60
	* Commission	Nil	Nil	Nil
	* Others, please specify	Nil	Nil	Nil
	<b>Total (1)</b>	<b>1.30</b>	<b>1.30</b>	<b>2.60</b>
2.	Other Non-Executive Directors	Nil	Nil	Nil
	* Fees for attending board/committee meetings	Nil	Nil	Nil
	* Commission	Nil	Nil	Nil
	* Others, please specify	Nil	Nil	Nil
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total (B) = (1 + 2)</b>	<b>1.30</b>	<b>1.30</b>	<b>2.60</b>
	Total Managerial Remuneration	Nil	Nil	Nil
	Overall Ceiling as per the Act	<b>NA</b>	<b>NA</b>	<b>NA</b>

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager/ Whole Time Director: **None of the Key Managerial Personnel draw any remuneration from the Company.**

**7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			NONE		
Punishment					
Compounding					

**For and on behalf of the Board,**

**Anita Arjundas**  
Chairperson  
DIN : 00243215

Mumbai, 13<sup>th</sup> April, 2016

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF MAHINDRA INTEGRATED TOWNSHIP LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MAHINDRA INTEGRATED TOWNSHIP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    1. The Company did not have any pending litigation which would impact its financial position.
    2. The Company did not have material foreseeable losses on long-term contracts and the Company did not have any derivative contracts.
    3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **A. F. Ferguson & Co**  
Chartered Accountants  
Firm's Registration No. 112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Chennai, 13<sup>th</sup> April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahindra Integrated Township Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

**A. F. Ferguson & Co**  
Chartered Accountants  
Firm’s Registration No. 112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Chennai, 13<sup>th</sup> April, 2016

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT****(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of lease deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits outstanding at any time during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31<sup>st</sup> March, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken loans or borrowings from Financial Institutions and government.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised or as per purposes revised with appropriate approvals. The Company has not raised any money from public during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid/provided any managerial remuneration.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**A. F. Ferguson & Co**  
Chartered Accountants  
Firm’s Registration No. 112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Chennai, 13<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note	As at 31 <sup>st</sup> March, 2016 ₹ in lakh	As at 31 <sup>st</sup> March, 2015 ₹ in lakh
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds:</b>			
a. Share capital .....	3	5,043.50	5,043.50
b. Reserves and surplus .....	4	2,830.68	2,331.33
<b>2. Non Current Liabilities:</b>			
a. Long term borrowings .....	5	7,500.00	5,770.00
b. Long term provisions .....	6	133.39	-
<b>3. Current Liabilities:</b>			
a. Trade payables.....	7		
(i) Total outstanding dues to Micro Enterprises and Small Enterprises .....		191.42	150.93
(ii) Total outstanding dues to Creditors other than Micro Enterprises and Small Enterprises .....		2,180.79	2,627.01
b. Other current liabilities.....	8	2,169.02	3,083.53
c. Short term borrowings.....	9	2,176.33	2,700.00
d. Short term provisions.....	10	125.90	101.60
<b>Total .....</b>		<b>22,351.03</b>	<b>21,807.90</b>
<b>B. ASSETS</b>			
<b>1. Non Current Assets</b>			
a. Tangible fixed assets.....	11	74.25	2.22
b. Non current investments.....	12	6,630.48	6,630.48
c. Long term loans and advances.....	13	787.33	692.52
<b>2. Current Assets</b>			
a. Inventories .....	14	10,282.87	9,235.51
b. Trade receivables .....	15	670.47	1,288.38
c. Cash and cash equivalents .....	16	308.12	1,119.23
d. Short term loans and advances .....	17	761.38	924.69
e. Other current assets .....	18	2,836.13	1,914.87
<b>Total .....</b>		<b>22,351.03</b>	<b>21,807.90</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **A. F. Ferguson & Co.**  
Chartered Accountants  
Firm's Registration No. 112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

**T Sivaranjan Kumar**  
Chief Financial Officer

**Ankit Shah**  
Company Secretary  
(ACS: 26552)

For and on behalf of the Board of Directors

**Ms. Anita Arjundas**  
Chairperson  
(DIN: 00243215)

**Mr. M S Jagan**  
Independent Director  
(DIN: 02002827)

Place: Mumbai  
Date: 13<sup>th</sup> April, 2016

**Mr. Ravi Santhanam**  
Independent Director  
(DIN: 000237740)

**Mr. S. Chandru**  
Non-Executive  
Non-Independent Director  
(DIN: 00243025)

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note	For the year ended 31 <sup>st</sup> March, 2016 ₹ in lakh	For the year ended 31 <sup>st</sup> March, 2015 ₹ in lakh
<b>A. INCOME</b>			
Revenue from operations.....	19	5,327.21	13,483.99
Other Income.....	20	501.31	2,083.11
		<u>5,828.52</u>	<u>15,567.10</u>
<b>B. EXPENDITURE</b>			
Project Costs .....	21	4,231.97	8,954.68
Changes in Inventories .....	22	(1,047.36)	494.84
Finance Costs.....	23	949.22	896.59
Depreciation.....	11	15.14	1.31
Other expenses .....	24	1,036.13	1,020.17
		<u>5,185.10</u>	<u>11,367.59</u>
<b>C. Profit before tax</b> .....		<b>643.42</b>	4,199.51
<b>Current tax</b> .....		<b>144.07</b>	544.45
<b>Less : MAT Credit entitlement</b> .....		-	(396.33)
Profit for the year.....		<b>499.35</b>	4,051.39
Earnings per share : (₹)			
Basic/(Diluted) .....	29	<b>0.99</b>	8.03

See accompanying notes forming part of the financial statements

In terms of our report attached

For **A. F. Ferguson & Co.**  
Chartered Accountants  
Firm's Registration No. 112066W

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

**T Sivaranjan Kumar**  
Chief Financial Officer

**Ankit Shah**  
Company Secretary  
(ACS: 26552)

For and on behalf of the Board of Directors

**Ms. Anita Arjundas**  
Chairperson  
(DIN: 00243215)

**Mr. M S Jagan**  
Independent Director  
(DIN: 02002827)

Place: Mumbai  
Date: 13<sup>th</sup> April, 2016

**Mr. Ravi Santhanam**  
Independent Director  
(DIN: 000237740)

**Mr. S. Chandru**  
Non-Executive  
Non-Independent Director  
(DIN: 00243025)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March, 2016	₹ in lacs For the year ended 31 <sup>st</sup> March, 2015
<b>A. Cash flow from operating activities</b>		
Profit before tax .....	643.42	4,199.51
Adjustments for:		
Dividend income .....	–	(1,600.00)
Deferred Lease Rent provision .....	1.45	–
Depreciation .....	15.14	1.31
Defect Liability Provision .....	24.30	101.84
Finance Costs .....	949.22	896.59
Interest income .....	(28.21)	(8.97)
<b>Operating profit before working capital changes .....</b>	<b>1,605.32</b>	<b>3,590.28</b>
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories .....	(973.67)	563.64
Trade Receivables .....	617.91	10.14
Long term loans and advances .....	(19.92)	4.00
Short-term loans and advances .....	163.31	(345.65)
Other Current assets .....	(921.34)	(1,805.11)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables .....	(405.74)	1,050.48
Short term provisions .....	–	(60.24)
Other current liabilities .....	(720.01)	(972.85)
	(2,259.46)	(1,555.59)
Cash generated from/(used) in operations .....	(654.14)	2,034.69
Income taxes paid (net of refunds) .....	(218.97)	(501.18)
<b>Net cash flow from/(used in) operating activities .....</b>	<b>(873.11)</b>	<b>1,533.51</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets .....	(87.18)	–
Interest received .....	28.31	8.87
Dividend received .....	–	1,600.00
<b>Net cash from/(used in) investing activities .....</b>	<b>(58.87)</b>	<b>1,608.87</b>
<b>C. Cash flow from financing activities:</b>		
Inter Corporate Deposits received .....	–	1,800.00
Proceeds from Non Convertible Debentures – Secured .....	7,500.00	–
Cash Credit – Secured .....	1,076.33	–
Repayment of Inter Corporate Deposits .....	(1,600.00)	(8,370.00)
Bank balances not considered as Cash and Cash Equivalents .....	(0.66)	7.09
Term Loan taken .....	–	8,370.00
Term Loan repaid .....	(5,770.00)	(2,600.00)
Finance costs .....	(1,085.46)	(699.23)
Payment of Dividend .....	–	(1,008.70)
<b>Net cash from/(used in) financing activities .....</b>	<b>120.21</b>	<b>(2,500.84)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C) .....</b>	<b>(811.77)</b>	<b>641.54</b>
Cash and Cash Equivalents at the Beginning of the Year .....	985.07	343.53
<b>Cash and Cash Equivalents at the End of the Year .....</b>	<b>173.30</b>	<b>985.07</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
Cash and Cash Equivalents as per Balance Sheet .....	308.12	1,119.23
<b>Less:</b> Bank balances not considered as Cash and Cash Equivalents .....	<b>134.82</b>	<b>134.16</b>
	<b>173.30</b>	<b>985.07</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **A. F. Ferguson & Co.**  
Chartered Accountants  
Firm's Registration No. 112066W

**T Sivaranjan Kumar**  
Chief Financial Officer

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

**Ankit Shah**  
Company Secretary  
(ACS: 26552)

Place: Chennai  
Date: 13<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Ms. Anita Arjundas**  
Chairperson  
(DIN: 00243215)

**Mr. M S Jagan**  
Independent Director  
(DIN: 02002827)

Place: Mumbai  
Date: 13<sup>th</sup> April, 2016

**Mr. Ravi Santhanam**  
Independent Director  
(DIN: 000237740)

**Mr. S. Chandru**  
Non-Executive  
Non-Independent Director  
(DIN: 00243025)



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1. Corporate Information

The Company was incorporated on 26<sup>th</sup> June, 1996.

The Company is a Co-developer, approved under Special Economic Zone Act, 2005, engaged in development of township including residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. Accordingly the Company is entitled to 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

### 2. Significant Accounting Policies

#### a) Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

#### c) Inventories

Inventories are valued at lower of cost and net realizable value.

The cost of construction materials is determined on the basis of the weighted average method.

Construction work in progress includes cost of land, construction costs and allocated interest and expenses attributable to the projects undertaken by the company.

#### d) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### f) Revenue Recognition

Income from development of residential infrastructure is accounted on the percentage of completion method which necessarily involves technical estimates of the percentage of completion of each contract, and costs to completion of the contract, on the basis of which profits/losses are accounted. Such estimates, made by the management and certified to the auditors, have been relied upon by them, as these are of a technical nature.

The Company has adopted "The Guidance note for Accounting of Real Estate Transactions(Revised 2012)" applicable to all projects in

real estate which have commenced on or after 1<sup>st</sup> April, 2012 and relating to projects where revenue is being recognized for the first time on or after 1<sup>st</sup> April, 2012.

Accordingly revenues are recognized only when all the following conditions are met:

- All critical approvals necessary for commencement of the project have been obtained.
- Expenditure incurred on construction & development cost is not less than 25% of the estimated construction and development costs excluding land cost.
- Atleast 25% of the saleable project area is secured by contracts or agreements with buyers.
- Atleast 10% of the total revenue as per the agreements of lease are realized at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

#### g) Other income

Interest & Guarantee Commission income are accounted on accrual basis.

Dividend income is accounted for when the right to receive it is established.

#### h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

#### i) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013; lease hold improvements are depreciated over the period of lease.

#### j) Investments

Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for.

#### k) Foreign currency transactions and translations

Foreign exchange transactions are recorded at exchange rates prevailing on the date of the transactions. The exchange gain/loss arising on settlement of such transactions is adjusted to the profit and loss account.

Monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing at the Balance sheet date and gain or loss arising out of such translation is adjusted to the Statement of Profit and Loss.

#### l) Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalisation of such assets are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**m) Earnings per share**

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

**n) Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

**o) Provisions and contingencies**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

**p) Service tax Input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credit.

**3. SHARE CAPITAL**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	Value of Shares ₹ in lakh	Number of shares	Value of Shares ₹ in lakh
<b>Authorised</b>				
Equity shares of ₹ 10 each.....	<u>60,000,000</u>	<u>6,000.00</u>	60,000,000	6,000.00
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹ 10 each.....	<u>50,435,000</u>	<u>5,043.50</u>	50,435,000	5,043.50
	<u>50,435,000</u>	<u>5,043.50</u>	50,435,000	5,043.50

**3a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No of Shares	Value of Shares ₹ in lakh	No of Shares	Value of Shares ₹ in lakh
Balance as at the beginning of the year.....	<u>50,435,000</u>	<u>5,043.50</u>	50,435,000	5,043.50
Balance as at the end of the year.....	<u>50,435,000</u>	<u>5,043.50</u>	50,435,000	5,043.50

**3b. Equity Shares:** The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

**3c. Details of Share held by shareholders holding more than 5% of the aggregate shares in the Company**

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No of Shares held	Percentage of Holding	No of Shares held	Percentage of Holding
<b>Equity Shares</b>				
Mahindra Lifespace Developers Limited, Holding Company.....	<u>37,000,000</u>	<u>73.36%</u>	37,000,000	73.36%
Mahindra World city Developers Limited, Fellow subsidiary.....	<u>13,000,000</u>	<u>25.78%</u>	13,000,000	25.78%

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹ in lakh	₹ in lakh

**4. RESERVES & SURPLUS**

**a. Debenture Redemption Reserve**

Balance at the beginning of the year .....	-	-
Additions during the year .....	<u>489.58</u>	-
	<u>489.58</u>	-

**b. Surplus in statement of Profit & Loss**

Balance at the beginning of the year .....	2,331.33	(710.84)
Less: Debenture Redemption Reserve .....	(489.58)	-
Add: Profit for the year.....	<u>499.35</u>	4,051.39
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 29).....	-	(0.52)
Less: Interim dividend (Refer Note 4a) .....	-	(1,008.70)
Dividend Distribution Tax (DDT) on the above. Refer Note 4(b).....	-	-
<b>Balance at the end of the period/year.....</b>	<u><b>2,830.68</b></u>	<u><b>2,331.33</b></u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

4a. The Board of Directors at their meeting held on 29<sup>th</sup> September, 2014 recommended an interim dividend of ₹ 2 per equity share amounting to ₹ 1,008.70 lakhs.

Particulars	As at	As at
	31 <sup>st</sup> March, 2016 ₹ in lakh	31 <sup>st</sup> March, 2015 ₹ in lakh
4b. Dividend Distribution Tax on the above Equity Dividend of ₹ 1,008.70 lakhs .....	-	171.43
Dividend Distribution Tax credit available in respect of the Dividend Tax on the Interim dividend received from the Wholly Owned Subsidiary, Mahindra Residential Developers Limited on 30 <sup>th</sup> May, 2014, based on provisions under subsection (1A) of Section 115 O of the Income Tax Act 1961.....	-	(171.43)

**5. LONG TERM BORROWINGS**

Term loan from Mahindra Lifespace Developers Limited, holding company (unsecured) .....	-	5,770.00
Non Convertible Debentures (Secured) .....	7,500.00	-
<b>Total</b> .....	<b>7,500.00</b>	<b>5,770.00</b>

5.1. During the previous financial year, Mahindra Lifespace Developers Limited has converted Inter Corporate Deposit into an Unsecured Term Loan repayable by 31<sup>st</sup> March, 2019, with interest @ 12.5% p.a. payable on a quarterly basis. The Term loan has been repaid in full during the year.

**5.2. Non Convertible Debentures (Secured)**

The terms and conditions of the Secured Non Convertible Debentures issued by the Company are summarised below

Series	I	II	III
Face Value of the Debentures (₹ in lakhs)	2,500.00	2,500.00	2,500.00
Total Redemption Premium (₹ in lakhs)	214.32	299.64	393.68
Rate of Interest Payable Annually	7%	7%	7%
Maturity Date (one time repayment in full including Redemption Premium)	31-Aug-18	31-Aug-19	31-Aug-20

The above Debentures are secured by first ranking pari passu mortgage and charge on specific lands of the Company.

Particulars	As at	As at
	31 <sup>st</sup> March, 2016 ₹ in lakh	31 <sup>st</sup> March, 2015 ₹ in lakh
<b>6. LONG TERM PROVISIONS</b>		
Provision for Premium on NCD Redemption .....	131.94	-
Deferred Rental Provision .....	1.45	-
<b>Total</b> .....	<b>133.39</b>	<b>-</b>

Particulars	As at	As at
	31 <sup>st</sup> March, 2016 ₹ in lakh	31 <sup>st</sup> March, 2015 ₹ in lakh

**7. TRADE PAYABLES**

Trade Payables		
Related Parties (Deputation charges & office establishment expenses) .....	362.84	378.84
Others .....	1,302.47	1,774.12
Retention Money .....	706.90	624.98
<b>Total</b> .....	<b>2,372.21</b>	<b>2,777.94</b>

**8. OTHER CURRENT LIABILITIES**

Interest accrued & due on borrowings .....	-	344.98
Interest accrued & not due on borrowings .....	3.03	160.35
Interest accrued & not due on NCD... ..	307.81	-
Statutory remittances – withholding taxes .....	43.80	64.17
Service tax payable .....	-	-
Other contractual liabilities .....	944.01	2,057.46
Advance received from related parties .....	11.84	11.84
Advance received from customers .....	272.07	189.24
Income received in advance .....	225.75	109.30
Deposits from customers* .....	360.71	146.19
<b>Total</b> .....	<b>2,169.02</b>	<b>3,083.53</b>

\*8.1. Amounts collected from customers towards Corpus Fund and advance towards water/electricity charges, transferable to Home owner's Association upon formation.

**9. SHORT TERM BORROWINGS**

HDFC Bank – CC Limit (secured) .....	1,076.33	-
Inter Corporate Deposits received from Related parties (unsecured)		
Mahindra Logistics Limited @ 12% interest p.a. ....	-	1,000.00
Mahindra Lifespace Developers Limited .....	-	-
Mahindra Residential Developers Limited @ 11% interest p.a. (repayable on demand) .....	1,100.00	1,700.00
<b>Total</b> .....	<b>2,176.33</b>	<b>2,700.00</b>

9.1 During the year, Company has obtained Secured Cash Credit Limit from HDFC Bank Ltd for ₹ 25 crs @ Bank Base Rate + 0.25% p.a. payable on a monthly basis. This facility is secured by hypothecation of book debts.

**10. SHORT TERM PROVISIONS**

Defect Liabilities .....	125.90	101.60
<b>Total</b> .....	<b>125.90</b>	<b>101.60</b>

**11. FIXED ASSETS**

₹ in lakh

Particulars	Gross block			Accumulated Depreciation				Net block	
	As at	Additions	As at	As at	Transitional Adjustment	For the period	As at	As at	As at
	1 <sup>st</sup> April, 2015		31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015			31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Computer .....	2.06	-	2.06	2.06	-	-	2.06	-	-
(Previous year) .....	(2.06)	-	(2.06)	(1.13)	(0.52)	(0.41)	(2.06)	-	-
Furniture & Fixture ..	-	71.07	71.07	-	-	12.27	12.27	58.80	-
(Previous Year) .....	-	-	-	-	-	-	-	-	-
Electrical Instal. ....	-	10.10	10.10	-	-	0.93	0.93	9.17	-
(Previous Year) .....	-	-	-	-	-	-	-	-	-
Office Equipment ....	4.01	6.00	10.01	1.79	-	1.94	3.73	6.28	(2.22)
(Previous Year) .....	(4.01)	-	(4.01)	(0.89)	-	(0.90)	(1.79)	(2.22)	(3.04)
<b>Total</b> .....	<b>6.07</b>	<b>87.17</b>	<b>93.24</b>	<b>3.85</b>	<b>-</b>	<b>15.14</b>	<b>18.99</b>	<b>74.25</b>	<b>(2.22)</b>
Previous Year .....	6.07	0	6.07	2.02	0.52	1.31	3.85	2.22	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	As at	As at	Particulars	For the	For the
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015		year ended	year ended
	₹ in lakh	₹ in lakh		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
				₹ in lakh	₹ in lakh
<b>12. NON CURRENT INVESTMENTS</b>			<b>20. OTHER INCOME</b>		
Long term, Trade (at cost)			Interest on deposit with bank .....	7.13	8.09
Mahindra Residential Developers Limited, Subsidiary Company			Interest – Others .....	21.08	0.88
250,000 equity shares of ₹ 10 each fully paid up .....	6,629.48	6,629.48	Dividend Income from subsidiary .....	-	1,600.00
10,000 Preference shares of ₹ 10 each fully paid up .....	1.00	1.00	Guarantee Commission from Mahindra Lifespace Developers Limited .....	435.75	435.75
<b>Total</b> .....	<b>6,630.48</b>	<b>6,630.48</b>	Other income .....	3.65	15.88
			Cancellation income/Transfer charges .....	33.70	22.51
<b>13. LONG TERM LOANS &amp; ADVANCES</b>			<b>Total</b> .....	<b>501.31</b>	<b>2,083.11</b>
Deposits with Mahindra World City Developers Limited .....	86.43	66.51	<b>21. PROJECT COSTS</b>		
Advance Income tax (net of provisions) .....	288.43	200.65	Land and construction costs .....	3,756.08	8,485.11
MAT credit entitlement .....	411.72	424.61	Architect Fees .....	12.51	64.29
Security Deposit .....	0.75	0.75	Site Expenses & other overheads .....	72.48	36.56
<b>Total</b> .....	<b>787.33</b>	<b>692.52</b>	Project management fees .....	298.55	300.00
			Interest .....	73.69	68.72
<b>14. INVENTORIES</b>			Approval and consultancy charges .....	18.66	-
Construction work in progress (including leasehold land) .....	8,845.03	8,439.81	<b>Total</b> .....	<b>4,231.97</b>	<b>8,954.68</b>
Construction materials .....	205.28	524.48	<b>22. Changes in inventories</b>		
Finished Units – Stock in Trade .....	1,232.56	271.22	<b>Inventories at the end of the year:</b>		
<b>Total</b> .....	<b>10,282.87</b>	<b>9,235.51</b>	Construction materials .....	205.28	524.48
			Work-in-progress .....	8,845.03	8,439.81
<b>15. TRADE RECEIVABLES (Unsecured, considered good)</b>			Finished Units – Stock in Trade .....	1,232.56	271.22
Trade receivables – outstanding for more than six months from the date they were due for payment .....	72.68	308.46	<b>Inventories at the beginning of the year:</b>		
Other trade receivables .....	597.79	979.92	Construction materials .....	524.48	512.21
<b>Total</b> .....	<b>670.47</b>	<b>1,288.38</b>	Work-in-progress .....	8,439.81	9,218.14
			Finished units – stock in trade .....	271.22	-
<b>16. CASH AND CASH EQUIVALENTS</b>			<b>Net (increase)/decrease</b> .....	<b>(1,047.36)</b>	<b>494.84</b>
Balances with banks			<b>23. FINANCE COSTS</b>		
– Cash on hand .....	0.02	-	Interest on borrowing from bank .....	63.23	-
– In current accounts .....	173.28	385.06	Interest on borrowings – related parties .....	505.09	965.31
– In Interim Dividend Account a/c .....	-	0.01	Other borrowing costs .....	14.80	-
– In Fixed deposits with maturity less than 3 months .....	-	600.00	Interest on Non Convertible Debentures .....	307.85	-
– In Earmarked Account* .....	134.82	134.16	Redemption Premium on Non Convertible Debenture .....	131.94	-
<b>Total</b> .....	<b>308.12</b>	<b>1,119.23</b>	Less : Allocated to project .....	(73.69)	(68.72)
			<b>Total</b> .....	<b>949.22</b>	<b>896.59</b>
* Collected from customers and to be transferred to Home Owners' Association upon formation.			<b>24. OTHER EXPENSES</b>		
<b>17. SHORT TERM LOANS &amp; ADVANCES (Unsecured, considered good unless stated otherwise)</b>			Operation and maintenance expenses .....	200.09	183.17
Mobilisation advances – Secured by Bank guarantees from vendors .....	131.83	368.92	Legal & professional fees .....	34.66	11.49
Supplier advances .....	169.02	425.99	Advertisement, marketing and business development .....	322.84	318.53
Advances – Others .....	0.30	0.50	Brokerage .....	29.83	41.08
Deposits – others .....	90.46	32.97	Rent .....	13.78	-
Balance with Govt authorities (Service tax) .....	369.77	96.31	Repairs and Maintenance .....	67.76	77.40
<b>Total</b> .....	<b>761.38</b>	<b>924.69</b>	Deputation Charges .....	210.88	144.00
			Auditors remuneration		
<b>18. OTHER CURRENT ASSETS</b>			Audit fees .....	7.25	7.50
Unbilled revenue .....	2,836.13	1,914.77	Other services .....	3.10	2.10
Interest Accrued on Fixed Deposit .....	-	0.10	Reimbursement of expenses/levies .....	0.02	-
<b>Total</b> .....	<b>2,836.13</b>	<b>1,914.87</b>	Office establishment expenses .....	84.69	124.89
			Expenditure on Corporate Social Responsibility .....	32.17	-
<b>19. REVENUE FROM OPERATIONS</b>			Provision for defect liability .....	24.30	101.84
Income from Projects .....	5,327.21	13,483.99	Miscellaneous expenses .....	4.76	8.17
<b>Total</b> .....	<b>5,327.21</b>	<b>13,483.99</b>	<b>Total</b> .....	<b>1,036.13</b>	<b>1,020.17</b>
			<b>25. Expenditure incurred in foreign currency</b>		
<b>Particulars</b>	<b>For the year ended</b>	<b>For the year ended</b>	Travel expenses .....	3.21	-
	<b>31<sup>st</sup> March, 2016</b>	<b>31<sup>st</sup> March, 2015</b>	Exhibition participation charges .....	9.06	5.61
	<b>₹ in lakh</b>	<b>₹ in lakh</b>	<b>Total</b> .....	<b>12.27</b>	<b>5.61</b>
<b>20. Details of borrowing costs inventorised</b>			<b>26. Details of borrowing costs inventorised</b>		
				73.69	68.72

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2016****27. Related party transactions:****a) Names of related parties and nature of relationship where control exists:**

Ultimate holding company:	Mahindra & Mahindra Limited
Holding company:	Mahindra Lifespace Developers Limited
Wholly owned subsidiary company:	Mahindra Residential Developers Limited

Fellow Subsidiaries with whom transactions have been entered during the year:

Mahindra World City Developers Limited (MWCDL)
Mahindra Holidays & Resorts India Limited (MHRIL)
Mahindra Logistics Limited (MLL)

**Key Management Personnel**

Designation	Name	With effect from
Manager under the Companies Act	Jayant Manmadkar	21 <sup>st</sup> January, 2015
Chief Financial Officer	Sivaranjan Kumar Tulluri	13 <sup>th</sup> January, 2016
Company Secretary	Ankit Shah	16 <sup>th</sup> October, 2015

Note: Related Parties are as identified by the Management and relied upon by the auditors.

**b) The related party transactions are as under:**

₹ in lakh

Nature of the Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiary			Subsidiary
			MWCDL	MHRIL	MLL	
Inter Corporate Deposit received		-	-		-	-
		(-)	(-)		(1000.00)	(800.00)
Inter Corporate Deposit repaid		-	-	-	1000.00	600.00
		(-)	(-)	(-)	(-)	(-)
Term loan repaid		5770.00				
		(2600.00)				
Guarantee commission income		435.75				
		(435.75)				
Interest expense		287.63	-	-	57.86	159.60
		(808.85)	(-)	(-)	(0.33)	(156.13)
Administration expenses billed						68.92
						(-)
Consultancy charges (Information Technology & Manpower Deputation Charges)	18.51	508.86				
	(0.65)	(444.00)				
Office establishment expenses		45.23		-		
		(124.79)		(1.03)		
Maintenance charges			226.70			
			(211.67)			
Water charges			39.42			
			(68.30)			
Rent, EB & Maintenance charges			55.24			
			(-)			
Marketing expenses						44.00
						(-)
Project expenses (purchase of material)						(15.18)
Interim dividend paid		-	-			
		(740.00)	(260.00)			
Interim dividend received						-
						(1600.00)
Balances at year end						
Deposits (Rent & Maintenance)			86.42			
			(66.51)			
Inter-corporate deposits		-			-	1100.00
		(5770.00)			(1000.00)	(1700.00)
Payables	0.08	318.76			-	44.00
	(12.53)	(883.17)			(0.30)	(-)
Interest payable on Inter Corporate Deposits						3.03
						(-)

Figures in brackets are in respect of the previous year.

Remuneration to KMP is ₹ Nil.

**28. Details of Lease arrangements:**

The Company has taken Marketing & Administration Office space under operating Lease which are cancellable in nature. Accordingly no disclosures on future lease rentals have been made.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**29. Earnings per share:**

	For the year ended 31st March, 2016 ₹ in lakh	For the year ended 31st March, 2015 ₹ in lakh
Profit after tax for the year	499.34	4051.39
Weighted average number of equity shares (Nos. lakh) – Basic and diluted	504.35	504.35
Basic and diluted Earnings Per Share (₹)	<u>0.99</u>	<u>8.03</u>

**30. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

Sr. No.	Particulars	For the year ended 31st March, 2016 ₹ in lakh	For the year ended 31st March, 2015 ₹ in lakh
1.	Principal amount remaining unpaid to any supplier as at the end of the accounting year	191.42	150.93
2.	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
3.	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
4.	The amount of interest due and payable for the year	–	–
5.	The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
6.	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**31. Provisions:**

The Company has made provision towards defect liability obligations based on the estimate, details of which are given below:

As at 1 <sup>st</sup> April, 2015	Additions	Utilisation	₹ in lakh
101.60	24.30	–	As at 31 <sup>st</sup> March, 2016* 125.90

\* Expected to be incurred within a year

- 32.** (i) The Company does not have any pending litigations which would impact its financial position as at balance sheet date.  
(ii) The Company does not have any material foreseeable losses on the long term contracts as at balance sheet date.  
(iii) The company did not enter into any derivative contracts during the year.  
(iv) There are no amounts required to be transferred to Investor Education and Protection Fund by the Company during the year.
- 33.** The Company has obtained Co-developer status under Special Economic Zone Act 2005 which entitles the Company to a 100% deduction of its income from SEZ, under the Income Tax Act, 1961 upto Assessment year 2019-20. However the SEZ profits are subject to Minimum Alternate Tax.
- 34.** The Company operates in a single segment, namely development of Township including residential infrastructure.
- 35.** Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's classification/disclosure.

For and on behalf of the Board of Directors			
For <b>A. F. Ferguson &amp; Co.</b> Chartered Accountants Firm's Registration No. 112066W	<b>T Sivaranjan Kumar</b> Chief Financial Officer  <b>Ankit Shah</b> Company Secretary (ACS: 26552)	<b>Ms. Anita Arjundas</b> Chairperson (DIN: 00243215)  <b>Mr. M S Jagan</b> Independent Director (DIN: 02002827)	<b>Mr. Ravi Santhanam</b> Independent Director (DIN: 000237740)  <b>Mr. S. Chandru</b> Non-Executive Non-Independent Director (DIN: 00243025)
Place: Chennai Date: 13 <sup>th</sup> April, 2016		Place: Mumbai Date: 13 <sup>th</sup> April, 2016	

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Eleventh report together with the audited financial statement of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income.....	20,556	22,838
Profit/(Loss) Before Depreciation, Finance Cost and Taxation.....	(33,682)	(26,575)
Less: Depreciation.....	Nil	Nil
Profit/(Loss) Before Finance Cost and Taxation.....	(33,682)	(26,575)
Less: Finance Cost.....	Nil	Nil
Profit/(Loss) Before Taxation.....	(33,682)	(26,575)
Less: Provision for Taxation.....	4,763	Nil
Profit/(Loss) for the year after Taxation.....	(38,445)	(26,575)
Add: Balance of Profit/(Loss) for earlier years.....	(1,13,79,210)	(1,13,52,635)
Balance carried forward to the Balance Sheet.....	(1,14,17,655)	(1,13,79,210)

### DIVIDEND

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2015-16.

### RESERVES

In view of loss for the year, no amount has been transferred to reserves.

### OPERATIONS

The Company is evaluating suitable opportunities to undertake large format developments/residential developments.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

### SHARE CAPITAL

Authorised equity share capital of the company is ₹ 1.50 crore and paid-up equity share capital of the Company is ₹ 1.1704 crore.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

### NON-CONVERTIBLE DEBENTURES

During the year, the Company has not issued/allotted any non-convertible debentures.

### NETWORTH

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was ₹ 3,24,790 and ₹ 2,86,345 respectively.

### HOLDING COMPANY

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary or associate or joint venture company of the Company. Therefore the requirements of consolidated financial statement are not applicable to the Company.

### BOARD OF DIRECTORS

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive Non-Independent Director
Mr. Vijay Paradkar	00149410	Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director
Ms. Sangeeta Prasad	02791944	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Anita Arjundas (DIN: 00243215) a Non-executive and Non-independent Director retires by rotation at the

11<sup>th</sup> Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Arjundas is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

#### **KEY MANAGERIAL PERSONNEL**

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

#### **AUDIT COMMITTEE**

As the Company does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

#### **NOMINATION AND REMUNERATION COMMITTEE**

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

#### **MEETINGS**

During the year, four Board Meetings were convened and held on 21<sup>st</sup> April, 2015, 23<sup>rd</sup> July, 2015, 30<sup>th</sup> October, 2015 and 25<sup>th</sup> January, 2016.

All Directors attended all the meetings during the year.

The previous Annual General Meeting of the Company was held on 23<sup>rd</sup> July, 2015.

#### **CODE OF CONDUCT**

The Company has adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

#### **DIRECTORS’ RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31<sup>st</sup> March, 2016 and of the loss of the Company for that period;
- (c) they had 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;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to the financial statements. The Board reviews the internal control systems with the auditors.

#### **VIGIL MECHANISM**

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

#### **RISK MANAGEMENT**

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company.

#### **AUDITORS**

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number 105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 9<sup>th</sup> Annual General Meeting till the conclusion of the 14<sup>th</sup> Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 11<sup>th</sup> Annual General Meeting till the conclusion of the 14<sup>th</sup> Annual General Meeting to be held in 2019.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their appointment, if made, would be in conformity with the limits specified in the said section.



The Auditor's Report does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as the Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

#### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

During the year, there were no contracts/arrangements with related parties of the Company referred under Sub-section (1) of section 188 of the Companies Act, 2013, hence the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

#### **DEPOSITS, LOANS AND ADVANCES**

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 1** to this report.

#### **EMPLOYEE REMUNERATION**

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

#### **GENERAL**

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

#### **CAUTIONARY STATEMENT**

*Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

#### **ACKNOWLEDGMENT**

The Directors are thankful to all consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 20<sup>th</sup> April, 2016

**ANNEXURE 1****A. CONSERVATION OF ENERGY**

(i)	the steps taken or impact on conservation of energy;	:	The Company is evaluating suitable opportunity in large format development and residential development and adequate energy conservation measures will be taken at an appropriate time.
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments.	:	Nil

**B. TECHNOLOGY ABSORPTION**

(i)	the efforts made towards technology absorption;	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution;	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year);	:	Not Applicable
(iv)	the expenditure incurred on Research and Development.	:	Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, there were no transactions involving foreign exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 20<sup>th</sup> April, 2016

**ANNEXURE 2**

**FORM NO. MGT - 9**

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31<sup>st</sup> March, 2016

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

**1. REGISTRATION AND OTHER DETAILS:**

1.	<b>CIN</b>	U45309MH2005PLC156225
2.	<b>Registration Date</b>	21/09/2005
3.	<b>Name of the Company</b>	Mahindra World City (Maharashtra) Limited
4.	<b>Category/Sub-Category of the Company</b>	Company limited by shares/Indian Non-Government Company
5.	<b>Address of the Registered office and contact details</b>	Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Not Applicable

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

\*As per National Industrial Classification – Ministry of Statistics and Programme Implementation.

# The Company is evaluating suitable Business opportunities for large format development and residential developments.

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

**4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	11,70,400	11,70,400	100.00	–	11,70,400	11,70,400	100.00	–
e) Banks/Fl	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
<b>Sub-total (A)(1):-</b>	–	11,70,400	11,70,400	100.00	–	11,70,400	11,70,400	100.00	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	-	11,70,400	11,70,400	100.00	-	11,70,400	11,70,400	100.00	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	11,70,400	11,70,400	100.00	-	11,70,400	11,70,400	100.00	-

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	11,70,340	100.00	–	11,70,340	100.00	–	–
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4	Mahindra Lifespace Developers Ltd & Mr. Rajan Narayan	10	0.00	–	10	0.00	–	–
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0.00	–	10	0.00	–	–

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the Shareholding of Promoter Group.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** Nil.

**(v) Shareholding of Directors and Key Managerial Personnel:**

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Anita Arjundas – Director</b> At the beginning of the year	10*	0.00	10*	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00
<b>Suhas Kulkarni – Director</b> At the beginning of the year	10*	0.00	10*	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

**Note:**

\* Jointly with Mahindra Lifespace Developers Limited (first shareholder).

**5. INDEBTEDNESS**

**Indebtedness of the Company including outstanding/accrued but not due for payment**

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable**

**B. Remuneration of other Directors: Not Applicable**

**C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director: Not Applicable**

**7 PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board,

**Anita Arjundas**  
Chairperson  
DIN: 00243215

Mumbai, 20<sup>th</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra World City (Maharashtra) Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and cash flows for the year ended on that date.

#### Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of Sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A" a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Date: 20<sup>th</sup> April, 2016



## ANNEXURE “A” TO THE AUDITOR’S REPORT

**Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra World City (Maharashtra) Limited for the year ended 31<sup>st</sup> March, 2016**

- 1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
- iii) The Company does not have immovable property as on 31<sup>st</sup> March, 2016. Hence the provisions of para 3(i(c)) of the Order are not applicable.
- 2) Since the Company does not have any inventory, the provisions of para 3(ii) of the Order are not applicable to the Company.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
- 4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Section 73 to 76 of the Act and the Rules framed thereunder.
- 6) We have been informed that the Central Government has not prescribed maintenance of Cost records under Section 148(1) of the Act.
- 7) i) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on 31<sup>st</sup> March, 2016, for a period of more than 6 months from the date they become payable.
- ii) There are no disputed dues outstanding as on 31<sup>st</sup> March, 2016 on account of sales tax, customs duty, income tax, excise duty, service tax, wealth tax and cess.
- 8) The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(viii) of the Order are not applicable to the Company.
- 9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.
- 10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- 11) No managerial remuneration has been paid or provided during the year as per the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- 12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
- 13) According to the information and explanations given to us, there are no transactions with related parties during the year. Hence, the provisions of para 3(xiii) of the Order are not applicable to the Company.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Date: 20<sup>th</sup> April, 2016

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahindra World City (Maharashtra) Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm’s Registration No.: 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place: Mumbai  
Date: 20<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note Ref	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital.....	3	1,17,04,000	1,17,04,000
Reserves and surplus.....	4	(1,14,17,655)	(1,13,79,210)
		<u>2,86,345</u>	<u>3,24,790</u>
<b>Current liabilities</b>			
Other current liabilities.....	5	98,750	85,770
Total.....		<u>3,85,095</u>	<u>4,10,560</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible assets.....	6	1	1
		<u>1</u>	<u>1</u>
<b>Current assets</b>			
Cash and cash equivalents.....	7	3,19,012	3,45,885
Short term loans and advances.....	8	66,082	64,674
		<u>3,85,094</u>	<u>4,10,559</u>
Total.....		<u>3,85,095</u>	<u>4,10,560</u>

See accompanying notes forming part of the Financial Statements  
In terms of our report attached

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Vijay Paradkar** Director (DIN-00149410)

**Suhas Kulkarni** Director (DIN-00003936)

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note Ref	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
		₹	₹
<b>INCOME</b>			
Other Income .....	9	20,556	22,838
<b>Total Revenue</b> .....		<u>20,556</u>	<u>22,838</u>
<b>EXPENDITURE</b>			
Depreciation and amortisation expense .....	6	-	-
Other expenses .....	10	54,238	49,413
		<u>54,238</u>	<u>49,413</u>
<b>Loss before tax</b> .....		(33,682)	(26,575)
Less : Tax expense			
- Current tax .....		4,763	-
<b>Loss for the period</b> .....		<u>(38,445)</u>	<u>(26,575)</u>
<b>Earnings per equity share (₹):</b>			
Basic & diluted .....		(0.03)	(0.02)

See accompanying notes forming part of the Financial Statements  
In terms of our report attached

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Vijay Paradkar** Director (DIN-00149410)

**Suhas Kulkarni** Director (DIN-00003936)

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>A. Cash flow from operating activities:</b>		
Net Loss before tax.....	(33,682)	(26,575)
Finance costs .....	(20,556)	(22,838)
Operating (loss) before working capital changes.....	(54,238)	(49,413)
Changes in working capital		
Adjustments for increase/(decrease) in operating assets		
Other current assets.....	(1,408)	(8,264)
Increase/(decrease) in current liabilities.....	12,980	28,090
	<b>11,572</b>	<b>19,826</b>
Cash used in Operations .....	(42,666)	(29,587)
Taxes paid.....	(4,763)	-
Net cash (used in) operating activities.....	<b>(47,429)</b>	<b>(29,587)</b>
<b>B. Cash flow from investing activities:</b>		
Interest received .....	20,556	22,838
Net cash from investing activities .....	<b>20,556</b>	<b>22,838</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B) .....</b>	<b>(26,873)</b>	<b>(6,749)</b>
<b>Cash &amp; cash equivalents</b>		
Opening balance.....	3,45,885	3,52,634
Closing balance.....	<b>3,19,012</b>	<b>3,45,885</b>
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<b>(26,873)</b>	<b>(6,749)</b>

See accompanying notes forming part of the Financial Statements  
In terms of our report attached

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Vijay Paradkar** Director (DIN-00149410)

**Suhas Kulkarni** Director (DIN-00003936)

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1. Corporate information

The Company was incorporated in 2005 for development of Multi Product SEZ at Karla, Maharashtra as a Joint Venture with Maharashtra Industrial Development Corporation (MIDC). Owing to the issues faced in land acquisition in that region, MIDC has stated in their letter of 7<sup>th</sup> January, 2011 that the project would not be pursued at Karla but it would work with the Company to examine the possibility of a Joint Venture project elsewhere. Accordingly, the project inventory representing cost on preliminary studies, surveys and interest have been charged off resulting in the accumulated losses eroding its networth in 31<sup>st</sup> March, 2014. The company is exploring alternate locations for the project. Since the Holding Company is committed to extending financial support to the Company for its future projects the accounts have been prepared on a "Going Concern" basis.

### 2. Significant Accounting Policies

a. The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable costs of bringing the assets to its working condition for the intended use.

#### c. Depreciation

Depreciation on tangible fixed assets has been provided on pro rata basis, on the Straight Line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower.

#### d. Inventories

Inventories are valued at cost which represents expenses attributable to lands to be acquired.

#### e. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

#### f. Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

As at  
31<sup>st</sup> March, 2016      As at  
31<sup>st</sup> March, 2015

3. Share Capital	₹	₹
Authorised		
15,00,000 Equity shares of ₹ 10 each	1,50,00,000	1,50,00,000
Issued, subscribed and paid up		
11,70,400 equity shares of ₹ 10 each fully paid up	1,17,04,000	1,17,04,000
	<u>1,17,04,000</u>	<u>1,17,04,000</u>

a. The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

#### b. Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No of Shares	Value of Shares (₹)	No of Shares	Value of Shares (₹)
Equity Shares				
At the beginning of the period	11,70,400	1,17,04,000	11,70,400	1,17,04,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	11,70,400	1,17,04,000	11,70,400	1,17,04,000

As at  
31<sup>st</sup> March, 2016      As at  
31<sup>st</sup> March, 2015

### 4. Reserves & Surplus

(Deficit) in the statement of Profit and Loss

Opening Balance	(1,13,79,210)	(1,13,52,635)
Add: Loss for the Year	(38,445)	(26,575)
Closing Balance	<u>(1,14,17,655)</u>	<u>(1,13,79,210)</u>

As at  
31<sup>st</sup> March, 2016      As at  
31<sup>st</sup> March, 2015

### 5. Other Current Liabilities

Other payables	98,750	85,770
	<u>98,750</u>	<u>85,770</u>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**
**6. FIXED ASSET**

## TANGIBLE ASSETS

In ₹

	Gross block		Depreciation			Net block	
	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the year ended 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Computers	61,882	61,882	61,881	-	61,881	1	1
<b>TOTAL</b>	61,882	61,882	61,881	-	61,881	1	1
Previous year	61,882	61,882	61,881	-	61,881	1	1

<b>7. Cash &amp; Cash Equivalents</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>
Cash on hand	1,549	1,549
Balances with Bank		
in current account	3,17,463	3,44,336
in deposit account	-	-
	<u>3,19,012</u>	<u>3,45,885</u>
	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>
	₹	₹
<b>8. Short Term Loans &amp; Advances</b>		
Rent Receivable	-	-
TDS Receivable	66,082	64,674
	<u>66,082</u>	<u>64,674</u>
	<b>For the year ended 31<sup>st</sup> March, 2016</b>	<b>For the year ended 31<sup>st</sup> March, 2015</b>
	₹	₹
<b>9. Other Income</b>		
Interest on deposits	20,556	22,838
Other Income	-	-
	<u>20,556</u>	<u>22,838</u>
	<b>For the year ended 31<sup>st</sup> March, 2016</b>	<b>For the year ended 31<sup>st</sup> March, 2015</b>
	₹	₹
<b>10. Other Expenses</b>		
Rates and taxes	-	4,909
Legal and Professional Charges	25,613	16,414
Auditors' remuneration		
Audit Fees	28,625	28,090
	<u>54,238</u>	<u>49,413</u>

11. The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**12. Related Parties**

a) Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

**13. Earnings per Share**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<u>Basic &amp; Diluted</u>		
Net profit/(loss) for the year (₹)	(38,445)	(26,575)
Weighted average number of equity shares (Nos.)	11,70,400	11,70,400
Par value per share (₹)	10	10
Earnings per share - Basic & Diluted (₹)	(0.03)	(0.02)

14. In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

15. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
Membership No.: 105731

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

For and on behalf of the Board of Directors

**Vijay Paradkar** Director (DIN-00149410)

**Suhas Kulkarni** Director (DIN-00003936)

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Seventh report together with the audited financial statement of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Total Income	-	-
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	(49,465)	(51,187)
Less: Depreciation	-	-
Profit/(Loss) Before Finance Cost and Taxation	(49,465)	(51,187)
Less: Finance Cost	-	-
Profit/(Loss) Before Taxation	(49,465)	(51,187)
Less: Provision for Taxation	-	-
Profit/(Loss) for the year after Taxation	(49,465)	(51,187)
Add: Balance of Profit/(Loss) for earlier years	(10,10,624)	(9,59,437)
Balance carried forward	(10,60,088)	(10,10,624)

### DIVIDEND

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2015-16.

### RESERVES

In view of loss for the year, no amount has been transferred to Reserves.

### OPERATIONS

During the year, the Company reviewed various proposals to undertake large format developments and residential developments. The Company is evaluating suitable business opportunities in this area.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

### SHARE CAPITAL

The Authorised equity share capital of the Company is ₹ 5 crore and the paid-up equity capital of the Company is ₹ 11 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

### NON-CONVERTIBLE DEBENTURES

During the year, the Company has not issued/allotted any non-convertible debentures.

### NETWORTH

The networth of the Company at the close of the previous financial year (FY 2014-15) and at the close of the current financial year (FY 2015-16) was ₹ 89,376 and ₹ 39,912 respectively.

### HOLDING COMPANY

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of the Company. Therefore the requirements of consolidated financial statement are not applicable to the Company.

### BOARD OF DIRECTORS

As at 31<sup>st</sup> March, 2016, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Mr. Jayantt Manmadkar	03044559	Chairman, Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director
Mr. Siddharth Bafna	07383837	Additional Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayantt Manmadkar (DIN: 03044559) a Non-executive and Non-independent Director retires by rotation at the ensuing 7<sup>th</sup> Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Pursuant to section 161 of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company,



the Board of Directors at its meeting held on 27<sup>th</sup> January, 2016 had appointed Mr. Siddharth Bafna (DIN: 07383837) as the Additional Non-Executive Non-Independent Director of the Company with effect from 27<sup>th</sup> January, 2016. In terms of said section and articles of association of the Company, Mr. Siddharth Bafna holds office upto the date of forthcoming Annual General Meeting.

The Board is of the view that Mr. Siddharth Bafna's knowledge and experience will be of benefit and value to the Company, and therefore, it is proposed to appoint Mr. Siddharth Bafna as Director of the Company at the ensuing Annual General Meeting of the Company. Pursuant to section 160 of the Act, the Company has received a notice from shareholder along with prescribed deposit proposing candidature of Mr. Siddharth Bafna as Director of the Company.

Accordingly, appointment of Mr. Siddharth Bafna as Director of the Company is proposed at the ensuing Annual General Meeting for shareholders approval.

All the above Directors are not disqualified from being appointed/re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Mr. Rajan Narayan effective 27<sup>th</sup> January, 2016 resigned from the Board due to pre-occupation. The Board puts on record its sincere appreciation for the valuable services rendered by him during his tenure.

#### KEY MANAGERIAL PERSONNEL

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

#### AUDIT COMMITTEE

As the Company does not meet any of the criteria prescribed under Section 177 and Rules made thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

#### NOMINATION AND REMUNERATION COMMITTEE

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

#### MEETINGS

During the year, four Board Meetings were convened and held on 16<sup>th</sup> April, 2015, 24<sup>th</sup> July, 2015, 26<sup>th</sup> October, 2015 and 27<sup>th</sup> January, 2016.

The details of the number of meetings of the Board attended by the Directors is as under:

Sr. no.	Name of the Director	No of Board meetings attended
1.	Mr. Jayant Manmadkar	4
2.	Mr. Suhas Kulkarni	4

Sr. no.	Name of the Director	No of Board meetings attended
3.	Mr. Siddharth Bafna (Appointed as an Additional Director w.e.f. 27 <sup>th</sup> January, 2016)	1
4.	Mr. Rajan Narayan (Resigned w.e.f. 27 <sup>th</sup> January, 2016)	2

The previous Annual General Meeting of the Company was held on 24<sup>th</sup> July, 2015.

#### CODE OF CONDUCT

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31<sup>st</sup> March, 2016 and of the loss of the Company for that period;
- they had 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;
- they had prepared the annual accounts on a going concern basis; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statement. The Board reviews the internal control systems with the auditors.

#### VIGIL MECHANISM

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

#### RISK MANAGEMENT

The Company already has in place the procedure to inform the Board about the risk assessment and minimization

procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company.

#### **AUDITORS**

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number: 105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 5<sup>th</sup> Annual general meeting till the conclusion of 10<sup>th</sup> Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 7<sup>th</sup> Annual General Meeting till the conclusion of 10<sup>th</sup> AGM to be held in 2019.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as the Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

#### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

During the year, there were no contracts/arrangements with related parties of the Company referred under Sub-Section (1) of Section 188 of the Companies Act, 2013, hence the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

#### **DEPOSITS, LOANS AND ADVANCES**

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 1** to this report.

#### **EMPLOYEE REMUNERATION**

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the Extract of the Annual Return in **Form MGT-9**, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

#### **GENERAL**

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

#### **CAUTIONARY STATEMENT:**

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

#### **ACKNOWLEDGMENT**

The Directors are thankful to all consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

**Jayant Manmadkar**

Chairman

DIN: 03044559

Place: Mumbai

Date: 22<sup>nd</sup> April, 2016

**ANNEXURE 1****A. CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy;	:	The Company is evaluating suitable opportunity in large format development and residential development and adequate energy conservation measures will be taken at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	Nil

**B. TECHNOLOGY ABSORPTION**

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

**Jayant Manmadkar**  
Chairman  
DIN: 03044559

Place: Mumbai  
Date: 22<sup>nd</sup> April, 2016

## ANNEXURE 2

### FORM NO. MGT - 9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2016

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

#### 1. REGISTRATION AND OTHER DETAILS:

1.	<b>CIN</b>	U70102MH2009PLC193399
2.	<b>Registration Date</b>	18/06/2009
3.	<b>Name of the Company</b>	Raigad Industrial & Business Park Limited
4.	<b>Category/Sub-Category of the Company</b>	Company limited by shares/Indian Non-Government Company
5.	<b>Address of the Registered office and contact details</b>	Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	<b>Whether listed Company (Yes/No)</b>	No
7.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Not Applicable

#### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

\* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

# The Company is evaluating suitable Business opportunities for large format development and residential developments.

#### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5 <sup>th</sup> Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	100	2(46)
2	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

**4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding.**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	1,10,000	1,10,000	100.00	-	1,10,000	1,10,000	100.00	0.00
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	1,10,000	1,10,000	100.00	-	1,10,000	1,10,000	100.00	0.00
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	1,10,000	1,10,000	100.00	-	1,10,000	1,10,000	100.00	0.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A + B + C)</b>	-	1,10,000	1,10,000	100.00	-	1,10,000	1,10,000	100.00	0.00

**(ii) Shareholding of Promoters**

	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	1,09,940	100.00	0.00	1,09,940	100.00	0.00	0.00
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	0.00	10	0.00	0.00	0.00
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.00	0.00	10	0.00	0.00	0.00
4	Mahindra Lifespace Developers Ltd & Mr. Rajan Narayan	10	0.00	0.00	10	0.00	0.00	0.00
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.00	0.00	10	0.00	0.00	0.00
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.00	0.00	10	0.00	0.00	0.00
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0.00	0.00	10	0.00	0.00	0.00

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the Shareholding of Promoter Group

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**  
Nil

**(v) Shareholding of Directors and Key Managerial Personnel:**

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Suhas Kulkarni - Director</b> At the beginning of the year	10*	–	10*	–
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	–	10	–
<b>Jayant Manmadkar – Director</b> At the beginning of the year	10*	–	10*	–
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	–	10	–

**Note:**

\* Jointly with Mahindra Lifespace Developers Limited (first shareholder).

**5. INDEBTEDNESS**

**Indebtedness of the Company including outstanding/accrued but not due for payment**

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable**

**B. Remuneration of other Directors: Not Applicable**

**C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director: Not Applicable**

**I) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty			<b>NONE</b>		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			<b>NONE</b>		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			<b>NONE</b>		
Punishment					
Compounding					

For and on behalf of the Board,

**Jayant Manmadkar**

Chairman

DIN: 03044559

Place: Mumbai

Date: 22<sup>nd</sup> April, 2016

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RAIGAD INDUSTRIAL AND BUSINESS PARK LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Raigad Industrial and Business Park Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and cash flows for the year ended on that date.

#### Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A" a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.



- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For B. K. Khare and Co.**  
Chartered Accountants  
Firm Registration No. : 105102W

**Himanshu Chapsey**  
Partner  
Membership No: 105731

Place: Mumbai  
Date: 22<sup>nd</sup> April, 2016

## ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of **Raigad Industrial and Business Park Limited** for the year ended 31<sup>st</sup> March, 2016

- 1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.
- 2) Since the Company does not have any inventory, the provisions of para 3(ii) of the Order are not applicable.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
- 4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.
- 6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.
- 7) i) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on 31<sup>st</sup> March, 2016, for a period of more than 6 months from the date they become payable.  
ii) There are no disputed dues outstanding as on 31<sup>st</sup> March, 2016 on account of sales tax, customs duty, income tax, excise duty, service tax, wealth tax and cess.
- 8) The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(viii) of the Order are not applicable to the Company.
- 9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). The Company has not obtained any term loans during the year ended 31<sup>st</sup> March, 2016.
- 10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- 11) No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- 12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
- 13) According to the information and explanations given to us, there are no transactions with related parties during the year. Hence, the provisions of para 3(xiii) of the Order are not applicable to the Company.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.
- 16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

**For B. K. Khare and Co.**

Chartered Accountants

Firm's Registration No.: 105102W

**Himanshu Chapsey**

Partner

Membership No.: 105731

Place: Mumbai

Dated: 22<sup>nd</sup> April, 2016

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF RAIGAD INDUSTRIAL AND BUSINESS PARK LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Raigad Industrial and Business Park Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm’s Registration No: 105102W

**Himanshu Chapsey**  
Partner  
Membership No: 105731

Place: Mumbai  
Date: 22<sup>nd</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note Ref	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital.....	3	11,00,000	11,00,000
Reserves and surplus.....	4	(10,60,088)	(10,10,624)
		<u>39,912</u>	<u>89,376</u>
<b>Current liabilities</b>			
Other current liabilities.....	5	5,48,528	5,43,413
<b>Total</b> .....		<u><u>5,88,440</u></u>	<u><u>6,32,789</u></u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Cash equivalents.....	6	5,88,440	6,32,789
<b>Total</b> .....		<u><u>5,88,440</u></u>	<u><u>6,32,789</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**Himanshu Chapsey**

Partner

Membership No.: 105731

Place : Mumbai

Date : 22<sup>nd</sup> April, 2016

For and on behalf of the Board of Directors

**Jayant Manmadkar**

Chairman

(DIN-03044559)

**Suhas Kulkarni**

Director

(DIN-00003936)

**Siddharth Bafna**

Director

(DIN-07383837)

Place : Mumbai

Date : 22<sup>nd</sup> April, 2016

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note Ref	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>EXPENDITURE</b>			
Other expenses.....	7	49,465	51,187
		<u>49,465</u>	<u>51,187</u>
Loss before tax .....		(49,465)	(51,187)
Less: Tax expense .....		-	-
Loss for the year.....		<u>(49,465)</u>	<u>(51,187)</u>
<b>Earnings per equity share:</b>			
Basic & diluted.....		(0.45)	(0.47)

---

See accompanying notes forming part of the financial statements

In terms of our report attached

**For B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**Himanshu Chapsey**

Partner

Membership No.: 105731

Place : Mumbai

Date : 22<sup>nd</sup> April, 2016

For and on behalf of the Board of Directors

**Jayant Manmadkar**

Chairman

(DIN-03044559)

**Suhas Kulkarni**

Director

(DIN-00003936)

**Siddharth Bafna**

Director

(DIN-07383837)

Place : Mumbai

Date : 22<sup>nd</sup> April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
	₹	₹
<b>Cash flow from operating activities</b>		
(Loss) before tax .....	(49,465)	(51,187)
<b>Adjustments for:</b>		
Operating (loss) before working capital changes.....	(49,465)	(51,187)
Increase/(decrease) in current liabilities.....	5,115	28,090
<b>Cash (used in) operations</b> .....	<b>(44,350)</b>	<b>(23,097)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b> .....	<b>(44,350)</b>	<b>(23,097)</b>
<b>Cash &amp; cash equivalents</b>		
Opening balance.....	6,32,789	6,55,886
Closing balance.....	5,88,440	6,32,789
<b>Net increase/(decrease) in cash and cash equivalents</b> .....	<b>(44,350)</b>	<b>(23,097)</b>

---

See accompanying notes forming part of the financial statements

In terms of our report attached

**For B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**Himanshu Chapsey**

Partner

Membership No.: 105731

Place : Mumbai

Date : 22<sup>nd</sup> April, 2016

For and on behalf of the Board of Directors

**Jayant Manmadkar**

Chairman

(DIN-03044559)

**Suhas Kulkarni**

Director

(DIN-00003936)

**Siddharth Bafna**

Director

(DIN-07383837)

Place : Mumbai

Date : 22<sup>nd</sup> April, 2016

**NOTES FORMING PART OF ACCOUNTS FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**1. Corporate Information**

The Company was incorporated on 18<sup>th</sup> June, 2009 and is engaged in the business of development of Industrial Parks in Maharashtra and is in the process of identifying the lands for acquisition. Since the Holding Company is committed to extending financial support to the Company for its future projects the accounts have been prepared on a "Going Concern" basis.

**2. Significant Accounting Policies**

**a. Basis of Accounting**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**b. Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

**c. Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in notes Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>3. Share Capital</b>		
Authorised	₹	₹
50,00,000 Equity shares of ₹10 each .....	<b>5,00,00,000</b>	5,00,00,000
Issued, subscribed and paid up.		
1,10,000 equity shares of ₹10 each fully paid up		
(1,10,000 equity shares of ₹10 each fully paid up as on March'14) .....	<b>11,00,000</b>	11,00,000
	<b>11,00,000</b>	11,00,000

3a. The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No. of Shares	Value of Shares (₹)	No. of Shares	Value of Shares (₹)
Equity Shares				
At the beginning of the period	<b>1,10,000</b>	<b>11,00,000</b>	1,10,000	11,00,000
Issued during the period	-	-	-	-
Outstanding at the end of the period .....	<b>1,10,000</b>	<b>11,00,000</b>	1,10,000	11,00,000

**3b. Terms/Rights attached to Equity Shares**

The company has only one class of Equity shares having a par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share.

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	₹	₹
<b>4. Reserves &amp; Surplus</b>		
Surplus in Statement of Profit and Loss		
Opening balance of Profit & Loss Account...	<b>(10,10,624)</b>	(9,59,437)
Add: (Loss) for the Current Year .....	<b>(49,465)</b>	(51,187)
Closing Balance .....	<b>(10,60,089)</b>	(10,10,624)
<b>5. Other Current Liabilities:</b>		
Expenses reimbursable to Holding Company ....	<b>4,59,143</b>	4,59,143
Other payables .....	<b>89,385</b>	84,270
	<b>5,48,528</b>	5,43,413
<b>6. Cash &amp; cash equivalents</b>		
<b>Bank Balances</b>		
In current account .....	<b>5,88,440</b>	6,32,789
	<b>5,88,440</b>	6,32,789
	<b>For the year ended 31<sup>st</sup> March, 2016</b>	For the year ended 31 <sup>st</sup> March, 2015
<b>7. Other Expenses:</b>	₹	₹
Rates and taxes .....	-	610
Legal and Professional Charges .....	<b>17,748</b>	16,291
Miscellaneous expenses .....	<b>3,092</b>	674
ROC Filing Fee .....	-	5,522
Audit Fee .....	<b>28,625</b>	28,090
	<b>49,465</b>	51,187
<b>8. List of related parties:</b>		
Mahindra & Mahindra Limited	Ultimate Holding Company	
Mahindra Lifespace Developers Limited	Holding Company	
Related parties are as identified by the management		
Mahindra Lifespace Developers Limited:	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Payable as at the year end .....	<b>4,59,143</b>	4,59,143
Shares issued .....	-	-
<b>9. Earnings per Share</b>		
	<b>2015-16</b>	2014-15
Net (loss) after tax .....	<b>(49,465)</b>	(51,187)
Weighted average number of equity shares (Nos.) .....	<b>1,10,000</b>	1,10,000
Basic and Diluted Earnings per share (not annualised) .....	<b>(0.45)</b>	(0.47)
Nominal value of shares .....	<b>10</b>	10
<b>10.</b>	In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.	
<b>11.</b>	Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.	

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapey**  
Partner  
Membership No.: 105731

Place : Mumbai  
Date : 22<sup>nd</sup> April, 2016

For and on behalf of the Board of Directors  
**Jayant Manmadkar** Chairman (DIN-03044559)

**Suhas Kulkarni** Director (DIN-00003936)  
**Siddharth Bafna** Director (DIN-07383837)

Place : Mumbai  
Date : 22<sup>nd</sup> April, 2016

**DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016**

Your Directors are pleased to present their report together with the Audited Accounts of your Company for the year ended March 31, 2016.

	<b>Year ended March 31, 2016 USD</b>	<b>Year ended March 31, 2016 INR</b>	Year ended March 31, 2015 USD	Year ended March 31, 2015 INR
Total income.....	4,410,123	292,611,661	404,853	26,861,997
Profit/(Loss) before taxes.....	1,543,129	102,386,609	(1,446,709)	(95,989,142)
Profit/(Loss) after taxes.....	1,543,129	102,386,609	(1,446,709)	(95,989,142)

**Review for the year ended March 31, 2016:**

The Company's subsidiaries worldwide reported increased revenues and net profit during the year. The Company's subsidiaries continued to expand their operations in various geographies and portfolio of offerings.

**Resignation of Directors**

Mr. Anjanikumar Choudhari, Mr. SP Shukla, and Mr. Anish Shah resigned as directors of the Company on March 30, 2016 and Mr. Ranjan Pant resigned as directors of the Company on March 31, 2016. The Board accepted their resignations and recorded its appreciation for the sterling services rendered by them during their tenure as Directors of the Company.

**Outlook for the current year ending March 31, 2017:**

The Company expects an improved general business climate, which will have a positive impact on the Company's financial performance during the current year.

**Acknowledgement:**

The Board acknowledges the continued support the Company receives from its employees worldwide and its parent holding company, Mahindra & Mahindra Ltd.

**Ulhas N. Yargop**

Chairman

Place: San Jose, CA, USA

Date: May 9, 2016



## INDEPENDENT AUDITOR'S REPORT

**Grant Thornton India LLP**  
(Formerly Grant Thornton India)  
401, Century Arcade  
Narangi Baug Road, Off Boat  
Club Road  
Pune 411001 India

T +91 20 4105 7000  
F +91 20 4105 7099  
www.grantthornton.in

Board of Directors and Shareholders  
Bristlecone Limited

We have audited the accompanying special purpose parent-only financial statements of Bristlecone Limited (the 'Company', a Cayman Island corporation and subsidiary of Mahindra & Mahindra Limited), which comprise the Statements of assets and liabilities as of March 31, 2016 and 2015, and the related Statements of revenues and expenses, cash flows and Statements of changes in stockholders' equity for each of the two years in the period ended March 31, 2016, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose parent-only financial statements in accordance with note A (3.1); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose parent-only financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as

evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the special purpose parent-only financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Company as of March 31, 2016 and 2015, and the revenues, expenses and cash flows for each of the two years in the period ended March 31, 2016, on the basis of accounting described in Note A (3).

### Basis of accounting

As discussed in Note A (3.1), the accompanying special purpose parent-only financial statements have been prepared for the purpose of consolidation with the financial statements of Mahindra & Mahindra Limited, the Holding Company on the basis of accounting described in Note A (3), and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Restriction on use

This report is intended solely for the information and use of the Board of Directors and management of Bristlecone Limited and Mahindra & Mahindra Limited for the purpose of meeting the requirements of consolidation of the attached special purpose parent-only financial statements with the financial statements of Mahindra & Mahindra Limited, the Holding Company and is not intended to be and should not be used by anyone other than these specified parties or for any other purpose.

Yours faithfully,

**Grant Thornton India LLP**

Place: Mumbai, India

Date: May 6, 2016

## STATEMENTS OF ASSETS AND LIABILITIES

	Note Ref.	As at March 31, 2016 <u>US\$</u>	As at March 31, 2016 <u>INR</u> (Refer note K)	As at March 31, 2015 <u>US\$</u>	As at March 31, 2015 <u>INR</u> (Refer note K)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents.....	B	530,434	35,194,296	953,153	63,241,702
<b>Total current assets</b> .....		<u>530,434</u>	<u>35,194,296</u>	<u>953,153</u>	<u>63,241,702</u>
<b>Non-current assets</b>					
Investments in subsidiaries.....	C	31,546,219	2,093,091,631	32,579,732	2,161,665,218
<b>Total non-current assets</b> .....		<u>31,546,219</u>	<u>2,093,091,631</u>	<u>32,579,732</u>	<u>2,161,665,218</u>
<b>Total assets</b> .....		<u>32,076,653</u>	<u>2,128,285,927</u>	<u>33,532,885</u>	<u>2,224,906,920</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Amounts payable to subsidiary .....		4,550,718	301,940,139	3,866,908	256,569,346
Other liabilities, related party .....		6,295,504	417,706,690	6,482,244	430,096,889
Other liabilities, others .....		65,046	4,315,802	65,796	4,365,565
Loan from Holding Company .....	E	14,600,000	968,710,000	18,140,000	1,203,589,000
<b>Total current liabilities</b> .....		<u>25,511,268</u>	<u>1,692,672,631</u>	<u>28,554,948</u>	<u>1,894,620,800</u>
<b>Stockholders' equity</b>					
Common stock .....		9,615	637,955	9,349	620,306
Series A preferred stock .....		8,076	535,843	8,076	535,843
Series B preferred stock .....		6,920	459,142	6,920	459,142
Additional paid-in-capital .....		16,723,415	1,109,598,586	16,679,362	1,106,675,669
Accumulated deficit .....		(10,182,641)	(675,618,230)	(11,725,770)	(778,004,840)
<b>Total stockholders' equity</b> .....		<u>6,565,385</u>	<u>435,613,296</u>	<u>4,977,937</u>	<u>330,286,120</u>
<b>Total liabilities and stockholders' equity</b> .....		<u>32,076,653</u>	<u>2,128,285,927</u>	<u>33,532,885</u>	<u>2,224,906,920</u>

(The accompanying notes are an integral part of these financial statements)

## STATEMENTS OF REVENUES AND EXPENSES

	Year ended March 31, 2016 <u>US\$</u>	Year ended March 31, 2016 <u>INR</u> (Refer note K)	Year ended March 31, 2015 <u>US\$</u>	Year ended March 31, 2015 <u>INR</u> (Refer note K)
Income .....	4,410,123	292,611,661	404,853	26,861,997
<b>Total Income</b> .....	<b>4,410,123</b>	<b>292,611,661</b>	404,853	26,861,997
<b>Expenses</b>				
Salaries, bonus and other remuneration .....	692,156	45,924,550	665,416	44,150,352
General and administrative expenses .....	65,125	4,321,044	82,629	5,482,434
Provision for losses (impairment of investments) in subsidiary company .....	1,033,513	68,573,588	-	-
Interest expense.....	1,076,200	71,405,870	1,103,517	73,218,353
<b>Total expenses</b> .....	<b>2,866,994</b>	<b>190,225,052</b>	1,851,562	122,851,139
<b>Net income/(loss) before tax</b> .....	<b>1,543,129</b>	<b>102,386,609</b>	(1,446,709)	(95,989,142)
<b>Income tax</b> .....	-	-	-	-
<b>Net income/(loss)</b> .....	<b>1,543,129</b>	<b>102,386,609</b>	(1,446,709)	(95,989,142)

*(The accompanying notes are an integral part of these financial statements)*

## STATEMENTS OF CASH FLOWS

	Year ended March 31, 2016 <u>US\$</u>	Year ended March 31, 2016 <u>INR</u> (Refer note K)	Year ended March 31, 2015 <u>US\$</u>	Year ended March 31, 2015 <u>INR</u> (Refer note K)
<b>Cash flow from operating activities</b>				
<b>Net income/(loss)</b> .....	1,543,129	102,386,609	(1,446,709)	(95,989,142)
<b>Adjustments to reconcile net income/(loss) to net cash provided by operating activities</b>				
Stock compensation expense .....	17,705	1,174,728	16,091	1,067,638
Provision for losses (impairment of investments) in subsidiary company .....	1,033,513	68,573,588	-	-
<b>Changes in assets and liabilities</b>				
Decrease in current assets, related party .....	-	-	43,493	2,885,762
Increase in current liabilities, related party .....	497,070	32,980,593	1,752,842	116,301,067
(Decrease)/increase in current liabilities, others.....	(750)	(49,763)	134,066	8,895,279
<b>Net cash provided by operating activities</b> .....	<u>3,090,667</u>	<u>205,065,755</u>	<u>499,783</u>	<u>33,160,604</u>
<b>Cash flow from financing activities</b>				
Proceeds from issue of common stock .....	26,614	1,765,839	42,584	2,825,448
Proceeds from issue of Preference stock .....	-	-	776	51,488
Repayment of short term debt .....	(3,540,000)	(234,879,000)	-	-
<b>Net cash (used in)/provided by financing activities</b> ....	<u>(3,513,386)</u>	<u>(233,113,161)</u>	<u>43,360</u>	<u>2,876,936</u>
Net (decrease)/increase in cash and cash equivalents....	(422,719)	(28,047,406)	543,143	36,037,538
Cash and cash equivalents at the beginning of the year ...	953,153	63,241,702	410,010	27,204,164
<b>Cash and cash equivalents at the end of the year</b> .....	<u>530,434</u>	<u>35,194,296</u>	<u>953,153</u>	<u>63,241,702</u>
<b>Other disclosures</b>				
Interest paid .....	1,262,940	83,796,069	-	-

*(The accompanying notes are an integral part of these financial statements)*

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Amounts in US\$

	Preferred stock				Common stock				Additional paid in capital	Accumulated deficit	Stockholders' notes receivable	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as at April 1, 2014	20,200,000	20,200	14,219,977	14,220	37,000,000	37,000	8,925,446	8,925	16,621,111	(10,279,061)	(137,091)	6,228,104
Increase in authorized Preferred Stock	800,000	800	–	–	–	–	–	–	–	–	–	–
Stock issued during the year	–	–	775,549	776	–	–	423,868	424	42,160	–	–	43,360
Stock compensation expense	–	–	–	–	–	–	–	–	16,091	–	–	16,091
Stock holders' notes received	–	–	–	–	–	–	–	–	–	–	137,091	137,091
Net (loss) for the year	–	–	–	–	–	–	–	–	–	(1,446,709)	–	(1,446,709)
Balance as at March 31, 2015	21,000,000	21,000	14,995,526	14,996	37,000,000	37,000	9,349,314	9,349	16,679,362	(11,725,770)	–	4,977,937
Stock issued during the year	–	–	–	–	–	–	266,142	266	26,348	–	–	26,614
Stock compensation expense	–	–	–	–	–	–	–	–	17,705	–	–	17,705
Net profit for the year	–	–	–	–	–	–	–	–	–	1,543,129	–	1,543,129
Balance as at March 31, 2016	21,000,000	21,000	14,995,526	14,996	37,000,000	37,000	9,615,456	9,615	16,723,415	(10,182,641)	–	6,565,385

Amount in INR (Refer note K)

	Preferred stock				Common stock				Additional paid in capital	Accumulated deficit	Stockholders' notes receivable	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as at April 1, 2014	20,200,000	1,340,270	14,219,977	943,497	37,000,000	2,454,950	8,925,446	592,174	1,102,810,717	(682,015,697)	(9,095,988)	413,234,703
Increase in authorized Preferred Stock	800,000	53,080	–	–	–	–	–	–	–	–	–	–
Stock issued during the year	–	–	775,549	51,488	–	–	423,868	28,132	2,797,315	–	–	2,876,935
Stock compensation expense	–	–	–	–	–	–	–	–	1,067,638	–	–	1,067,638
Stockholders' notes received	–	–	–	–	–	–	–	–	–	–	9,095,988	9,095,988
Net loss for the year	–	–	–	–	–	–	–	–	–	(95,989,142)	–	(95,989,142)
Balance as at March 31, 2015	21,000,000	1,393,350	14,995,526	994,985	37,000,000	2,454,950	9,349,314	620,306	1,106,675,670	(778,004,839)	–	330,286,122
Stock issued during the year	–	–	–	–	–	–	266,142	17,649	1,748,188	–	–	1,765,837
Stock compensation expense	–	–	–	–	–	–	–	–	1,174,728	–	–	1,174,728
Net profit for the year	–	–	–	–	–	–	–	–	–	102,386,609	–	102,386,609
Balance as at March 31, 2016	21,000,000	1,393,350	14,995,526	994,985	37,000,000	2,454,950	9,615,456	637,955	1,109,598,586	(675,618,230)	–	435,613,296

(The accompanying notes are an integral part of these financial statements)

## NOTES TO SPECIAL PURPOSE PARENT-ONLY FINANCIAL STATEMENTS

### NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. NATURE OF OPERATIONS

Bristlecone Limited (the "Company") is the Holding Company for the Bristlecone Group, which comprises of the Company and its wholly owned subsidiaries, Bristlecone India Limited, Bristlecone Inc., Bristlecone UK Ltd, Bristlecone GmbH, Bristlecone (Singapore) Pte. Limited, Bristlecone (Malaysia) SDN BHD, Bristlecone Consulting Ltd (Canada) and Bristlecone International AG (Switzerland). The Group is engaged in providing technology solutions and consulting services with principal operations in the United States of America, India, Singapore, Malaysia, Germany and Switzerland. The Group's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Group also provides application outsourcing services, data management services and development and integration services to independent software vendors.

#### 2. GENERAL INFORMATION

The Company was incorporated under the laws of 'The Cayman Islands' on February 3, 2004. The Company commenced commercial operations on May 17, 2004 and is a subsidiary of Mahindra & Mahindra Limited ("Holding Company"), an Indian Company, which is also the Group's ultimate Holding Company.

In 2004, pursuant to a Contribution Agreement, the Company acquired the business of Mahindra Consulting Limited, Mahindra Consulting Inc., Mahindra Intertrade (UK) Limited, (all subsidiaries of Mahindra & Mahindra Limited), and Bristlecone Inc. The consideration was settled through the issue of Common Stock and Preferred Stock to Mahindra & Mahindra Limited and the issue of Common Stock, Preferred Stock and cash payments to the erstwhile shareholders of Bristlecone Inc.

The Company does not have active commercial operations. It engages in financing and treasury functions for the Group as a whole.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying special purpose financial statements is as follows:

##### 3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting policies described in these notes to reflect the financial position, revenues and expenses and cash flows of the Company.

These special purpose financial statements have been prepared for the purpose of consolidation with the financial statements of Mahindra & Mahindra Limited, the Holding Company and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

These special purpose financial statements have been prepared on a going concern basis, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements have been presented in the United States Dollars ("\$"), which is the functional and reporting currency of the Company.

##### 3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with the accounting policies stated herein, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as the reported amounts of other income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for expected forfeitures of employee stock options and realization of carrying value of investments represent certain of these particularly sensitive estimates.

##### 3.3. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments and deposits with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises cash on hand and balance with banks.

##### 3.4. INVESTMENTS

Investments in subsidiaries are carried at cost. Cost is determined based on the cash paid and other liabilities assumed by the Company. Consideration that has been settled by issue of the Company's shares is also considered in arriving at the cost of investments. Provision for impairment is made, whenever the estimated fair value of investments is expected to be lower than the carrying value of investments.

##### 3.5. INTEREST EXPENSE

Interest expense on inter corporate deposits availed from the Holding Company is recorded on accrual basis.

##### 3.6. STOCK COMPENSATION

The Company accounts for equity-settled options granted to employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock payment transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for the awards is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award. ASC 718 requires the use of a valuation model to calculate the fair value of stock awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock awards on the date of grant.

### NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2016 US\$	As at March 31, 2016 INR (Refer note K)	As at March 31, 2015 US\$	As at March 31, 2015 INR (Refer note K)
Balance in checking and money market accounts	530,434	35,194,296	953,153	63,241,702

The balances of the Company are held in checking accounts and money market accounts, which are non-interest bearing, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2016, all non-interest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

As at the year ended March 31, 2016, the Company does not have balances in excess of the federally insured amounts.

### NOTE C – INVESTMENTS

Investments as at year end comprise of investment in subsidiary companies:

	As at March 31, 2016 US\$	As at March 31, 2016 INR (Refer note K)	As at March 31, 2015 US\$	As at March 31, 2015 INR (Refer note K)
Bristlecone India Limited	5,141,789	341,157,700	5,141,789	341,157,700
Bristlecone Inc.	23,214,889	1,540,307,885	23,214,889	1,540,307,885
Bristlecone UK Limited	3,100,540	205,720,830	4,134,053	274,294,417
Bristlecone (Malaysia) SDN. BHD.	30,239	2,006,358	30,239	2,006,358

	As at March 31, 2016 US\$	As at March 31, 2016 INR (Refer note K)	As at March 31, 2015 US\$	As at March 31, 2015 INR (Refer note K)
Bristlecone Consulting Ltd.	1	66	1	66
Bristlecone International AG.	58,761	3,898,792	58,761	3,898,792
	<b>31,546,219</b>	<b>2,093,091,631</b>	32,579,732	2,161,665,218

The Company has investment of US\$ 4,134,053 (INR 274,294,417) [2015 US\$ 4,134,053 (INR 274,294,417)] in Bristlecone UK Limited, a wholly owned subsidiary company. The accumulated losses, as at March 31, 2016, of the subsidiary on the basis of audited financial statements for the year ended March 31, 2016 is US\$ 3,417,011 (INR 226,718,680) [2015 US\$ 3,232,920 (INR 214,504,242)].

Due to the continuous losses incurred by Bristlecone UK Limited and the expected operations in future, the management of the Company believes that there is decrease in estimated fair value of investment in the subsidiary. Accordingly, the Company has made a provision amounting to US\$ 1,033,513 (INR 68,573,588) [2015 US\$ Nil (INR Nil)] i.e. 25% of the value of the investment as at March 31, 2016.

#### NOTE D – DIVIDEND INCOME

During the current year, Bristlecone (Malaysia) SDN. BHD. paid a dividend of US\$ 260,213 (INR 17,265,133) [2015: US\$ 401,901 (INR 26,666,131)] and Bristlecone India Limited paid a dividend of US\$ 4,149,903 (INR 275,346,064) [2015: US\$ Nil]. Dividend income is recognised by the Company when the right to receive payment is established.

#### NOTE E – LOAN FROM THE HOLDING COMPANY

Loan comprises unsecured loan of US\$ 14,600,000 (INR 968,710,000) [2015: US\$ 18,140,000 (INR 1,203,589,000)] being inter corporate deposits from the Holding Company, received on various dates during the earlier years. The loan bears an interest rate of 6% [2015: 6%] as at March 31, 2016 and is repayable on demand. No demand has been raised by the Holding Company till the date of the financial statements.

#### NOTE F – STOCKHOLDERS' EQUITY

The Company's authorized share capital comprised of 9,000,000 Series A Preferred Stock at par of US\$ 0.001 each, 12,000,000 Series B Preferred Stock at par of US\$ 0.001 each and 37,000,000 Common Stock at par of US\$ 0.001 each as at March 31, 2016 of which 8,075,526 Series A Preferred Stock, 6,920,000 Series B Preferred Stock and 9,615,456 Common Stock were issued and outstanding as at March 31, 2016.

#### Conversion of Preferred Stock

Each Series A Preferred Stock and Series B Preferred Stock are entitled to be converted, without payment of any additional consideration, into one fully paid Common Stock.

#### Voting

Every member, present in person or by proxy, is entitled to one vote for each Common Stock held. Each Series A Preferred Stockholder and Series B Preferred Stockholder is entitled to votes derived based on ratio of conversion between Preferred Stock and Common Stock on the record date of the Meeting or if no record date is established, the date the poll is taken.

#### Liquidation

In the event of any liquidation, dissolution or winding up of the Company, holders of Series A & B Preferred Stock are entitled to an amount of one hundred and fifty percent (150%) of the original purchase price of such Stock (as adjusted for any recapitalization, stock combinations, dividends, stock splits and the like) in preference to any distribution to holders of Common Stock.

#### Additional Paid in Capital

Additional Paid in Capital comprises the capital contributions relating to the issue of the Company's Common Stock and Preferred Stock and amounts adjusted on accounting for the Group reorganization involving acquisition of stake in various subsidiary companies and on accounting for stock compensation.

#### NOTE G – STOCK COMPENSATION

Bristlecone Limited has four Stock Option Plans:

- Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:

Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limited under 2004 stock option plan based on the exchange criteria set out in the transaction documents.

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

- Bristlecone Limited Amended and Restated 2004 Stock Option Plan and Bristlecone Limited 2005 Stock Option Plan for Bristlecone India employees:

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 cent of the Shares subject to the Option, vest on the completion of 12 calendar months from the vesting commencement date, and no vesting shall occur prior to the completion of such period of 12 months. Subsequently, 6.25 per cent of the options vest on the completion of each 3 month period thereafter until full vesting is completed, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant.

The following table summarizes information about the options issued under different Plans:

	Options outstanding Year ended March 31, 2016	Weighted average exercise price March 31, 2016	Options outstanding Year ended March 31, 2015	Weighted average exercise price March 31, 2015
<b>Stock Option 2008 Plan</b>				
Outstanding at April 1	1,259,052	US\$ 0.10	1,578,437	US\$ 0.10
Granted	792,500	US\$ 0.77	109,500	US\$ 0.10
Exercised	243,242	US\$ 0.13	249,268	US\$ 0.10
Expired / forfeited	161,465	US\$ 0.20	179,617	US\$ 0.10
<b>Outstanding at March 31</b>	<b>1,646,845</b>		1,259,052	
<b>Stock Option 2004 Amended Plan</b>				
Outstanding at April 1	67,900	US\$ 0.10	265,750	US\$ 0.10
Granted	–	–	–	–
Exercised	–	–	165,000	US\$ 0.10
Expired / forfeited	–	–	32,850	US\$ 0.10
<b>Outstanding at March 31</b>	<b>67,900</b>		67,900	

	Options outstanding Year ended March 31, 2016	Weighted average exercise price March 31, 2016	Options outstanding Year ended March 31, 2015	Weighted average exercise price March 31, 2015
<b>Stock Option 2005 Plan</b>				
Outstanding at April 1	33,650	US\$ 0.10	45,400	US\$ 0.10
Granted	-	-	-	-
Exercised	22,900	US\$ 0.10	9,600	US\$ 0.10
Expired / forfeited	10,750	US\$ 0.10	2,150	US\$ 0.10
<b>Outstanding at March 31</b>	-		33,650	

The Company has a total option pool of 2,766,447 options as at March 31, 2016 towards all the above options and the unallocated options against this pool as at March 31, 2016 is 1,051,702 options.

#### Additional information on outstanding options

Exercise price range for the options outstanding is given below:

Grant Price	No of options outstanding	
	March 31, 2016	March 31, 2015
US\$ 0.10	957,245	1,360,602
US\$ 0.77	757,500	-

Options outstanding that have vested and are expected to vest as of March 31, 2016 are as follows:

	March 31, 2016			March 31, 2015		
	Outstanding Options	Weighted Average Exercise Price (in US\$)	Weighted Average Remaining Contract Term (in years)	Outstanding Options	Weighted Average Exercise Price (in US\$)	Weighted Average Remaining Contract Term (in years)
<b>Stock Option 2008 Plan</b>						
Vested	973,288	0.23	6.03	959,458	0.10	6.11
Expected to vest	673,557	0.67	8.86	299,594	0.10	8.03
<b>Stock Option 2004 Amended Plan</b>						
Vested	67,900	0.10	0.77	67,900	0.10	1.77
<b>Stock Option 2005 Plan</b>						
Vested	-	-	-	33,650	0.10	0.72

Stock compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Year ended March 31, 2016	Year ended March 31, 2015
Dividend yield	0 percent	0 percent
Expected life	6.25 years	7.31 years
Risk free interest rate	1.78 percent	2.34 percent
Volatility	45.00 percent	35.00 percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

Additional disclosures pertaining to compensation expenses, net of costs allocated to Group entities:

The Company has recognized stock compensation expense of US\$ 17,705 (INR 1,174,728) [2015: US\$ 16,091 (INR 1,067,638)] for the year ended March 31, 2016. The Company received an amount of US\$ 26,614 (INR 1,765,837) [2015: US\$ 42,387 (INR 2,812,377)] for exercise of stock options in the current year.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2016 was approximately US\$ 565,194 (INR 37,500,622) [2015: US\$ 68,228 (INR 4,526,928)] and is expected to be recognized over a weighted average period of 2.78 years.

The aggregate fair value of all options granted during the year is US\$ 185,753 (INR 12,324,712) and weighted average grant date fair value of options vested during the year is US\$ 0.59 (INR 39).

#### NOTE H – CONTINGENCIES

The Company may be subject to legal claims in the normal course of business. Management believes that there are no such claims that would be material to the financial condition or results of operations.

#### NOTE I – RELATED PARTY TRANSACTIONS

The Company had the following transactions with its parent, subsidiaries and key management personnel:

##### 1. List of related parties and relationships (where there are transactions):

Name of Related Party and Relationship
<b>Holding company</b>
Mahindra and Mahindra Limited
<b>Subsidiaries</b>
Bristlecone Inc.
Bristlecone (Malaysia) Sdn Bhd
Bristlecone India Limited
<b>Directors</b>
Ashok Santhanam (till August 31, 2014)

##### 2. Related Party Transactions and Balances:

Nature of transaction	Name of related party	March 31, 2016		March 31, 2015	
		Amount (in US\$)	Amount (in INR)	Amount (in US\$)	Amount (in INR)
Payment of interest during the year	Mahindra & Mahindra Ltd.	1,262,940	83,796,069	-	-
Repayment of principal amount of loan during the year	Mahindra & Mahindra Ltd.	3,540,000	234,879,000	-	-
Accrual of interest during the year	Mahindra & Mahindra Ltd.	1,076,200	71,405,870	1,103,517	73,218,353
Reimbursement of expenses paid	Bristlecone Inc.	683,810	45,370,794	649,325	43,082,714
Dividend received during the year	Bristlecone (Malaysia) Sdn Bhd	260,213	17,265,133	401,901	26,666,131
Dividend received during the year	Bristlecone India Limited	4,149,903	275,346,064	-	-
Interest income during the year	Ashok Santhanam	-	-	2,873	190,624
Stockholders' notes received	Ashok Santhanam	-	-	137,091	9,095,988
Interest payable as at year end	Mahindra & Mahindra Ltd.	6,295,504	417,706,690	6,482,244	430,096,889



Nature of transaction	Name of related party	March 31, 2016		March 31, 2015	
		Amount (in US\$)	Amount (in INR)	Amount (in US\$)	Amount (in INR)
Principal amount of loan repayable as at year end	Mahindra & Mahindra Ltd.	14,600,000	968,710,000	18,140,000	1,203,589,000
Issue of preference shares for consideration	Mahindra & Mahindra Ltd	-	-	715	47,440
Issue of preference shares without any consideration	Mahindra & Mahindra Ltd	-	-	61	4,047
Amount repayable as at year end	Bristlecone Inc.	4,550,718	301,940,139	3,866,908	256,569,346

**NOTE J – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amount of the Company's cash equivalents, current assets and current liabilities approximated their fair values due to their short maturities.

**NOTE K – CONVENIENCE TRANSLATION**

For the convenience of the readers, the financial statements for the year ended March 31, 2016 along with comparatives for the year ended March 31, 2015 have been translated into Indian Rupees ("INR") at the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2016 of 1 US\$ = 66.35 INR. The convenience translation should not be construed as a representation that the Indian Rupee amounts or the US\$ amounts referred to in these financial statements have been, could have been, or could in the future be, converted into US\$ or INR, as the case may be, at this or at any other rate of exchange, or at all.

**NOTE L – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 6, 2016, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Fifth Report together with the audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS

(Rupees in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Revenue	22,213.91	17,117.94
Profit before Depreciation, Interest, Taxation and prior period items	3,906.08	3,000.79
Depreciation	(392.62)	(433.83)
Profit before Interest, Taxation and prior period items	3,513.46	2,566.96
Interest	(7.76)	(29.89)
Profit before Taxation and prior period items	3,505.70	2,537.07
Provision for Taxation for the year		
— Current Tax	(1,345.00)	(985.00)
— Deferred Tax	(24.07)	145.81
Profit for the year after Taxation	2,136.07	1,697.88
Balance of Profit for earlier years	5,461.93	3,824.85
Depreciation on transition to Schedule II of the Companies Act, 2013	-	(60.80)
Interim Dividend	(2,857.42)	-
Tax on dividend	(581.71)	-
Balance of Profit carried forward	4159.43	5,461.93
Net Worth	6152.71	7455.21

There are no material changes and commitments affecting the financial position of the Company after the end of financial year till the date of this report.

### OPERATIONS

During the year under review, revenue increased from Rs. 17,117.94 lakhs to Rs. 22,213.91 lakhs, registering a growth of 29.8% over the previous year. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to Rs. 3,906.08 lakhs (17.6% of revenue) as against Rs. 3,009.79 lakhs (17.5% of revenue) in the previous year. The net profit after tax was Rs. 2,136.63 lakhs (9.6% of revenue) as compared to Rs. 1,697.88 lakhs (9.9% of revenue) in the previous year. The increase in profit is largely attributable to higher revenue from domestic as well as overseas operations and cost control measures.

### DIVIDEND

The Company has declared an interim dividend of the Rs 150 per share during the year. The total dividend paid during the year is Rs. 2,857.42 lakhs. Tax paid on dividend declared is Rs. 581.71 lakhs. The Directors do not recommend a final dividend for the year.

### RESERVES

The Company does not propose to transfer any amount to reserves.

### OUTLOOK FOR THE CURRENT YEAR

In line with the current year performance, the Company will continue to focus on increasing its market share in the markets your Company operates in, through increased business with its existing clients and identifying new customers for its offerings. Driving operational efficiencies within the organization and cost reduction will continue to be the focus areas for the year ahead. The Company expects that these measures will further result in increase in revenues and lower costs which would reflect in improved margins.

### SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2016 was Rs. 190,494,400/- divided into 19,04,944 Equity Shares of Rs. 100/- each which was the same as on 31<sup>st</sup> March, 2015. During the year under review the Company has not issued any shares or any convertible instruments.

### INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has devised appropriate systems and framework for adequate internal financial controls with reference to financial statements. The Company's internal control systems, including internal financial controls are commensurate with the nature of its business and the size and complexity of its operations and same are adequate and operating effectively. These system are periodically tested and no reportable material weakness in the design or operation was observed. The Audit Committee reviews adequacy and effectiveness of the Company's internal control system including internal financial controls.

### DIRECTORS

#### Composition:

Sr. No.	Name of Director & DIN	Designation	Executive/ Non -Executive	Independent/ Non Independent
1.	Mr. Ulhas Yargop (DIN: 00054530)	Director	Non Executive	Non Independent
2.	Mr. Krishnadas Chillara (DIN: 00126027)	Director	Non Executive	Non Independent
3.	Mr. K. Chandrasekar (DIN: 01084215)	Director	Non Executive	Non Independent
4.	Mr. P.R. Barpande (DIN: 00016214)	Director	Non Executive	Independent
5.	Mr. Nihilsh Panchal (DIN: 00041080)	Director	Non Executive	Independent

Mr. Ulhas Yargop (DIN: 00054530) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

The Company has received declarations from all the Directors in Form DIR-8 as prescribed under Section 164 of the Companies Act, 2013 read with the Rule 14(1) of Companies (Appointment and Qualifications of Directors) Rule, 2013 that they are not disqualified from being appointed as Directors of the Company pursuant to Section 164 of the Companies Act, 2013.

Mr. P. R. Barpande (DIN: 00016214) and Mr. Nikhilesh Panchal (DIN: 00041080), Independent Directors, have furnished disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013.

## MEETINGS OF THE BOARD

Your Board of Directors met six times during the year under review viz; on 22<sup>nd</sup> April, 2015, 21<sup>st</sup> July, 2015, 9<sup>th</sup> October, 2015, 2<sup>nd</sup> November, 2015, 15<sup>th</sup> January, 2016 and 19<sup>th</sup> February, 2016. The maximum interval between any two meetings did not exceed 120 days.

The attendance of the Directors at the meetings of the Board was as follows:

Name of Director	Number of Board Meetings Attended
Mr. Ulhas Yargop	6
Mr. Krishnadas Chillara	4
Mr. K. Chandrasekar	4
Mr. P. R. Barpande	6
Mr. Nikhilesh Panchal	4

## DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;
- That such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2016 and of the profit of the Company for the financial year ended on that date;
- That proper and sufficient care has been 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;
- That the annual accounts have been prepared on a going concern basis; and
- That proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Satish Moorjani resigned as the Chief Executive Officer of the Company with effect from 22<sup>nd</sup> April, 2015 and subsequently the Company appointed Mr. Bhaskar Ramanasundaram

as the Chief Executive Officer with effect from 9<sup>th</sup> October, 2015. The other key managerial personnel of the Company are Mr. Harsh Vaish, Chief Financial Officer and Ms. Payal Vyas, Company Secretary.

## CODES OF CONDUCT

The Board of Directors of the Company has adopted separate Codes of Conduct for its Directors and Senior Management Personnel and Employees ("Codes") enunciating the underlying principles governing the conduct of its business and seeking to reiterate the fundamental precept that good governance must be an integral part of its ethos.

Pursuant to the above Codes of Conduct, all the Board Members, Senior Management Personnel and Employees of your Company have affirmed compliance with the respective Codes, on an annual basis.

## EVALUATION OF PERFORMANCE OF DIRECTORS

The Nomination and Remuneration Committee carried out an evaluation of the performance of individual Directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Board of Directors of the Company also carried out an annual evaluation of overall performance of the Independent Directors.

## MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once during the year without the presence of Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to *inter alia*, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## AUDIT COMMITTEE

The Audit Committee comprises Mr. P. R. Barpande (Chairman) (DIN: 00016214), Mr. Nikhilesh Panchal (DIN: 00041080) and Mr. K. Chandrasekar (DIN: 01084215).

The Audit Committee met three times during the year under review viz; on 22<sup>nd</sup> April, 2015, 2<sup>nd</sup> November, 2015 and 15<sup>th</sup> January, 2016.

The attendance at the meetings of the Audit Committee was as follows:

Name of Director	Designation	No. of meetings attended
Mr. P. R. Barpande	Chairman	3
Mr. Nikhilesh Panchal	Member	3
Mr. K. Chandrasekar	Member	2

## NOMINATION AND REMUNERATION COMMITTEE

Your Company has constituted a Nomination and Remuneration Committee and have adopted the terms of reference pursuant to provisions of Section 178 of Companies Act, 2013. The Nomination and Remuneration Committee comprises Mr. Nikhilesh Panchal (Chairman) (DIN: 00041080), Mr. P. R. Barpande (DIN: 00016214), Mr. Ulhas Yargop (DIN: 00054530) and Mr. C Krishnadas (DIN: 00126027). All the members of the Committee are Non-Executive Directors out of which not less than one half comprises Independent Directors.

The Nomination and Remuneration Committee met twice viz; on 22<sup>nd</sup> April, 2015 and 9<sup>th</sup> October, 2015 during the year under review.

The attendance at the meetings of the Nomination and Remuneration Committee was as follows:

Name of Director	Designation	No. of meetings attended
Mr. Nikhilesh Panchal	Chairman	1
Mr. P.R. Barpande	Member	2
Mr. Ulhas Yargop	Member	2
Mr. C. Krishnadas	Member	Nil

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company's Corporate Social Responsibility Committee comprises Mr. Ulhas Yargop (Chairman) (DIN: 00054530), Mr. C. Krishnadas (DIN: 00126027) and Mr. Nikhilesh Panchal (DIN: 00041080). All the members of the Committee are Non-Executive Directors and Mr. Nikhilesh Panchal is an Independent Director.

The Corporate Social Responsibility Committee met once i.e on 22<sup>nd</sup> April, 2015 during the year under review which was attended by Mr. Ulhas Yargop and Mr. Nikhilesh Panchal.

### CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Company has adopted Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of Companies Act, 2013.

The objective of this policy is to promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact. The Policy also seeks to ensure an increased commitment at all levels in the organization, by encouraging employees to participate in the Company's CSR and give back to society in an organized manner.

Annual Report on Corporate Social Responsibility activities of the Company is furnished as Annexure I and forms part of this report.

### RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including therein identification of elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of Risk Management Policy is expected to be helpful in managing the risks associated with business of the Company.

### POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of Directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors.
- Policy on the remuneration of Directors, key managerial personnel and other employees.

These policies are provided as Annexure II and forms part of this report.

### SUBSIDIARY COMPANIES

As on 31<sup>st</sup> March, 2016 your Company has the following two subsidiaries:

1. **Bristlecone GmbH** was incorporated in 2004, in Frankfurt am Main, to cater to the requirements of customers based in Germany. Your Company holds 100% of the share capital and voting power of Bristlecone GmbH. During the year, the Company earned revenue of Rs. 8,662 lakhs (previous year Rs. 4,328 lakhs) and recorded a profit of Rs.860 lakhs (previous year Rs. 433 lakhs).
2. **Bristlecone Singapore Pte. Ltd.** was incorporated in 2003, in the Republic of Singapore, to pursue business in the Asia Pacific region. Your Company holds 100% of the share capital and voting power of Bristlecone Singapore Pte Ltd. During the year, the Company has earned revenue of Rs. 17 lakhs (previous year Rs. 52 lakhs) and registered a loss of Rs. 14 lakhs (previous year profit of Rs. 33 lakhs).

A report on the performance and financial position of each of the subsidiaries included in the consolidated Financial Statement is provided in Form AOC-1 and forms part of this Annual report.

### STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: - 117366W/W-100018) were appointed as Auditors of the Company and they retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM). The Company has received their consent for re-appointment. The members are requested to appoint Auditors from the conclusion of forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 139 read with Section 141 of the Companies Act, 2013, your Company has received a written consent and certificate from the above Auditors to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

### REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013, details of which needs to be mentioned in this report.

### EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as Annexure III which forms a part of this Report.

## **PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS**

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the parent Company, Mahindra and Mahindra Limited.

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in Annexure IV which forms part of this Report.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length. Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as Annexure V and the same forms part of this Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished in Annexure VI and forms part of this Report.

## **SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

## **SUSTAINABILITY**

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused

by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

## **THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the year under review no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

## **GENERAL DISCLOSURES**

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
4. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
5. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

## **ACKNOWLEDGEMENTS**

The Board acknowledges the continued support received from its holding Company, Bristlecone Limited and its ultimate parent Company, Mahindra and Mahindra Limited and all employees of the Company.

For and on behalf of the Board

**Ulhas N. Yargop**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016

**ANNEXURE I TO THE DIRECTORS' REPORT****ANNUAL REPORT ON CSR ACTIVITIES**

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.

The objective of your Company's CSR policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

During the year under review your Company have contributed to CSR through two Implementation Agencies viz;

- Roshni: Empowering underprivileged girls with educational support
- K C Mahindra Education Trust: Providing education support to 618 girl children

(2) The Composition of the CSR Committee.

Mr. Ulhas Yargop

Mr. Krishnadas Chillara

Mr. Nikhilesh Panchal

(3) Average net profit of the Company for last three financial years (in lakhs): **1,550.99**

(4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)(in lakhs): **31.02**

(5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year (in lakhs)-**31.02**

(b) Amount unspent, if any- **NIL**

(c) Manner in which the amount spent during the financial year is detailed below

Sr. No.	Particulars	(1)	(2)	TOTAL
(1)	CSR project or activity identified	Contribution to Roshni	Contribution to K. C. Mahindra Education Trust	–
(2)	Sector in which the project is covered	Education of the girl child	Education of the girl child	–

Sr. No.	Particulars	(1)	(2)	TOTAL
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Other New Delhi	Other Mumbai, Maharashtra and Sheopur & Ratlam districts, Madhya Pradesh	–
(4)	Amount outlay (budget project or programme wise)	6,70,000	24,32,000	31,02,000
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	6,70,000 –	24,32,000 –	31,02,000 –
(6)	Cumulative expenditure up to the reporting period	6,70,000	24,32,000	31,02,000
(7)	Amount Spent direct or through implementing agency	Paid to Implementing agency - Roshni	Paid to Implementing agency - K C Mahindra Education Trust	

\* Details of implementing agency:

(1) Roshni: Empowering underprivileged girls with educational support

(2) K C Mahindra Education Trust: Providing education support to 618 girl children

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.: **Not applicable**

7. Your Company's CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Ulhas Yargop  
**Chairman - CSR Committee**

Krishnadas Chillara  
**Director**

Mumbai, 26<sup>th</sup> April, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“Board” means Board of Directors of the Company.

“Company” means Bristlecone India Ltd.

“Committee(s)” means Committees of the Board for the time being in force.

“Employee” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“HR” means the Human Resource department of the Company.

“Key Managerial Personnel” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“Nomination and Remuneration Committee” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“Senior Management” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive Directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of Director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director or any other Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in senior management team in accordance with the criteria as enumerated above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

#### II. SUCCESSION PLANNING:

##### Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

##### Board

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

### **Senior Management Personnel:**

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

### **POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

#### **Purpose**

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Bristlecone India Limited (Bristlecone).

#### **Policy Statement**

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all other employees. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular benchmarking over the years with relevant players across the industry we operate in.

#### **Non-Executive Including Independent Directors**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other

factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### **Executive Directors**

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

#### **Key Managerial Personnel (KMPs)**

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary shall be determined by the Board and revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to Directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

#### **Employees**

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For Leadership Team, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.
- b. For all other employees we benchmark with a set of comparators from the same industry.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality



Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees in accordance with the ESOP Scheme of the Holding Company, Bristlecone Limited and subject to the compliance of the applicable statutes and regulations.

We, at all times, act in compliance with all the applicable statutory requirements regarding compensation and benefits.

For and on behalf of the Board

**Ulhas N. Yargop**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016

**ANNEXURE III TO THE DIRECTORS' REPORT****Form No. MGT-9****Extract of Annual Return****as on the financial year ended on 31<sup>st</sup> March, 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1.	CIN	U30007MH1991PLC064368
2.	Registration Date	10/12/1991
3.	Name of the Company	BRISTLECONE INDIA LIMITED
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non – Government Company
5.	Address of the Registered office and contact details	Gateway Bldg Apollo Bunder Mumbai 400001, Maharashtra. Tel: +91 22 2202 1031 Fax: +91 22 2287 5485.
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	IT Services	620	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1	Bristlecone Limited M&C Corporate Services Ltd., P.O. Box 309GT, Ugland House, South Church St. George Town, Grand Cayman, Cayman Islands.	Not Applicable	Holding	100%	2(46)
2	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400001.	L65990MH1945PLC004558	Ultimate Holding company	–	2(46)
3	Bristlecone GmbH De-Saint-Exupéry-Straße 8, Condor Platz, 60549 Frankfurt am main, Germany	Not Applicable	Subsidiary	100%	2(87)
4	Bristlecone Singapore Pte. Ltd. 3, Anson Road, #27-01 Springleaf tower, Singapore 079909	Not Applicable	Subsidiary	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i. Category-wise Share Holding.**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	-	-	-	-	-	-	-	-
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total- A-(1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Foreign</b>	-	-	-	-	-	-	-	-	-
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	19,04,944*	19,04,944*	100%	-	19,04,944*	19,04,944*	100%	Nil
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total- A (2)</b>	-	19,04,944	19,04,944	100%	-	19,04,944	19,04,944	100%	-
<b>Total Shareholding of Promoters (A)=(A)(1) + (A)(2)</b>	-	<b>19,04,944</b>	<b>19,04,944</b>	<b>100%</b>	-	<b>19,04,944</b>	<b>19,04,944</b>	<b>100%</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institution</b>									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total-B (1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non- Institution</b>									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1Lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total-B (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>19,04,944</b>	<b>19,04,944</b>	<b>100%</b>	-	<b>19,04,944</b>	<b>19,04,944</b>	<b>100%</b>	<b>Nil</b>

Note: \* includes 36 shares held by nominees of Bristlecone Limited jointly with Bristlecone Limited.

## ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Bristlecone Ltd.	19,04,908	100%	Nil	19,04,908	100%	Nil	0.00%
2	Bristlecone Ltd. Jointly with Mr. Ulhas N. Yargop**	1	0.00%	Nil	1	0.00%	Nil	0.00%
3	Bristlecone Ltd. Jointly with Mr. Anjanikumar Choudhari**	1	0.00%	Nil	1	0.00%	Nil	0.00%
4	Bristlecone Ltd., Jointly with Mr. K. Chandrasekar**	10	0.00%	Nil	10	0.00%	Nil	0.00%
5	Bristlecone Ltd. Jointly with Mr. Narayan Shankar**	22	0.00%	Nil	22	0.00%	Nil	0.00%
6	Bristlecone Ltd. Jointly with Mr. S. Venkatraman**	1	0.00%	Nil	1	0.00%	Nil	0.00%
7	Bristlecone Ltd. Jointly with Mr. Krishnadas Chillara**	1	0.00%	Nil	1	0.00%	Nil	0.00%
	<b>Total</b>	<b>19,04,944</b>	<b>100%</b>	<b>Nil</b>	<b>19,04,944</b>	<b>100%</b>	<b>Nil</b>	<b>0.00%</b>

iii. **Change in Promoters' Shareholding (please specify, if there is no change)** There is no change in the shareholding of the Promoter Group.

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Not Applicable				

## v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Ulhas Yargop jointly with Bristlecone Ltd.**	1	0.00	1	0.00
2.	K. Chandrasekar jointly with Bristlecone Ltd.**	10	0.00	10	0.00
3.	Krishnadas Chillara jointly with Bristlecone Ltd.**	1	0.00	1	0.00
4.	Nikhilesh Panchal	Nil	0.00	Nil	0.00
5.	P. R. Barpande	Nil	0.00	Nil	0.00
6.	Satish Moorjani (upto 22nd April, 2015)	Nil	0.00	Nil	0.00
7.	Bhaskar Ramanasundaram (with effect from 9th October, 2015)	Nil	0.00	Nil	0.00
8.	Harsh Vaish	Nil	0.00	Nil	0.00
9.	Payal Vyas	Nil	0.00	Nil	0.00

Note: \*\* The shares are held jointly for the purpose of complying with the minimum number of shareholders required for a public Company

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
<b>Indebtedness at the beginning of the financial year 01.04.2015</b>				
1) Principal Amount	50.06	NIL	NIL	50.06
2) Interest due but not paid	NIL	NIL	NIL	NIL
3) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total of (1+2+3)</b>	<b>50.06</b>	<b>NIL</b>	<b>NIL</b>	<b>50.06</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	NIL	Nil	Nil	NIL
- Reduction	50.06	Nil	Nil	50.06
Net change	50.06	Nil	Nil	50.06
<b>Indebtedness at the end of the financial year-31.03.2016</b>				
1) Principal Amount	Nil	Nil	Nil	Nil
2) Interest due but not paid	Nil	Nil	Nil	Nil
3) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total of (1+2+3)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

The Company does not have any Managing Director, Whole-Time Directors and/or Manager

**B. Remuneration of other directors:**

## I. Independent Directors:-

Particulars of Remuneration	Name of Directors		Total Amount (Rs. In Lacs)
	P. R. Barpande	Nikhilesh Panchal	
Fee for attending board/committee meetings	1.70	1.30	3.00
Commission	0.25	0.25	0.50
Others	Nil	Nil	Nil
<b>Total (1)</b>	<b>1.95</b>	<b>1.55</b>	<b>3.50</b>

## II. Other Non-Executive Directors:-

Other Non-Executive Directors	UlhasYargop	K. Chandrasekar	Krishnadas Chillara	Total Amount (Rs. In Lacs)
Fee for attending board/committee meetings	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil
<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total B = (1+2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Ceiling as per the Act	1% of the Net profits of the Company			

**C. Remuneration to Key Managerial Personnel other than MD/Manager/s WTD**

Sr. No.	Particulars of Remuneration	Name of the KMP				Total Amount (Rs. In Lacs)
		Satish Moorjani (CEO) (Upto 22 <sup>nd</sup> April, 2015)	Bhaskar Ramanasundaram (CEO) (with effect from 9 <sup>th</sup> October, 2015)	Harsh Vaish (CFO)	Payal Vyas (CS)	
1.	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	39.91	33.68	47.14	–	120.73
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission					
	– As % of profit	–	–	–	–	–
	– Others, specify	–	–	–	–	–
5.	Others, please specify Contribution to Provident Fund		1.06	1.20	–	2.26
6.	Others		–	–	2.43	2.43
	<b>Total (C)</b>	<b>39.91</b>	<b>34.74</b>	<b>48.34</b>	<b>2.43</b>	<b>125.42</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act):**

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
<b>A. COMPANY</b>						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
<b>B. DIRECTORS</b>						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
<b>C. OTHER OFFICERS IN DEFAULT</b>						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

**Ulhas N. Yargop**  
ChairmanMumbai, 26<sup>th</sup> April, 2016

**ANNEXURE IV TO THE DIRECTORS REPORT****LOANS, GUARANTEES OR INVESTMENTS**

The particulars of loans, guarantees or investment under Section 186 of the Companies Act, 2013 is as under:

Details of Investments:

<b>Sr. No.</b>	<b>Particulars of the loans given, investment made or guarantee given or security provided Date of making loan</b>	<b>Purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security</b>	<b>Amount</b>
<b>A</b>	<b>Investments made</b>		
1	Investment in Subsidiary Company: Bristleccone (Singapore) Pte. Ltd.	Strategic Investment	Rs. 175.51 lakhs (Net of Provision for Diminution in value of investment of Rs. 325.96 lakhs)
2	Investment in Subsidiary Company: Bristleccone GmbH	Strategic Investment	Rs. 277.04 lakhs

For and on behalf of the Board

**Ulhas N. Yargop**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016

**ANNEXURE V TO THE DIRECTORS' REPORT****FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Nature of contracts/ transactions/arrangements	Name of the related party	Nature of relationship	Duration of contracts/ transactions/ arrangements	Salient terms of contracts/ transactions/ arrangements including the value, if any (Rs. in lakhs)	Date(s) of approval of Board, if any	Amount paid as advance
1.	Professional Services	Mahindra & Mahindra Limited	Ultimate Holding Company	1 Year	At market rates 4,583.49	Not applicable	–
2	Professional Services	Bristlecone GmbH	Subsidiary Company	1 Year	At market rates 5,272.31	Not applicable	–
3	Professional Services	Bristlecone Inc.	Fellow Subsidiary	1 Year	At market rates 5,960.05	Not applicable	–
4	Professional Services	Bristlecone (Malaysia) Sdn.Bhd.	Fellow Subsidiary	1 Year	At market rates 1,060.83	Not applicable	–

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. Fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

**Ulhas N. Yargop**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016



**ANNEXURE VI TO THE DIRECTORS' REPORT****PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:****(A) Conservation of energy:**

Steps taken / impact on conservation of energy, with special reference to the following:

- (i) Steps taken by the Company for utilizing alternate sources of energy including waste generated  
The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption
- (ii) Capital investment on energy conservation equipment - **Nil**

**(B) Technology absorption:**

1. Efforts, in brief, made towards technology absorption. - **None**
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. – **Not Applicable**
3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: **Not Applicable**
  - (a) Details of technology imported.
  - (b) Year of import.
  - (c) Whether the technology been fully absorbed
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore.
4. Expenditure incurred on Research and Development: **None**

**(C) Foreign exchange earnings and Outgo**

Foreign exchange earnings and outgo during the year under review are as follows:

	<b>For the year ended 31<sup>st</sup> March, 2016</b>	(Rupees in lakhs) For the year ended 31 <sup>st</sup> March, 2015
Foreign Currency Earnings	<b>13,842.84</b>	10,403.62
Foreign Exchange Outgo	<b>391.31</b>	378.07

For and on behalf of the Board

**Ulhas N. Yargop**  
Chairman

Mumbai, 26<sup>th</sup> April, 2016

## INDEPENDENT AUDITORS' REPORT

### To the members of Bristlecone India Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **BRISTLECONE INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required under provisions of section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.24 to the financial statements.
- (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- 2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**Sunil S Kothari**  
Partner

Mumbai, 26<sup>th</sup> April, 2016

(Membership No. 208238)

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Bristlecone India Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**Sunil S Kothari**  
Partner

Mumbai, 26<sup>th</sup> April, 2016

(Membership No. 208238)

## ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under the heading of ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the said program, no physical verification was planned / conducted in the current year and accordingly, the question of discrepancies on physical verification does not arise.
- (c) In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore the requirement of clause (iii)(a) and (iii)(b) of paragraph 3 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of making investments. The Company has, however, not granted any loans and provided any guarantees during the year.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company’s business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Custom Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

According to the information and explanations given to us, during the year the Company was not required to deposit any amounts with respect to the Employees’ State Insurance, Excise duty and Wealth tax.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes, are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)	Amount unpaid (Rs. in lakhs)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Mumbai	A.Y. 2011-12	29.55	29.55
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	A.Y. 2010-11	54.08	54.08

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to the financial institutions and banks. The Company has not taken any borrowings from the government and has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reporting during the year.
- (xi) According to the information and explanations given to us, the Company has not paid/provided for any managerial remuneration and hence reporting under clause (xi) of the CARO 2016 Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of the related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**Sunil S Kothari**  
Partner

Mumbai, April 26, 2016

(Membership No. 208238)

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

(₹ In Lakhs)

Particulars	Notes	As at March 31, 2016	As at 31 <sup>st</sup> March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital.....	2.1	<b>1,904.94</b>	1,904.94
Reserves and surplus.....	2.2	<b>4,247.77</b>	5,550.27
		<b>6,152.71</b>	7,455.21
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings.....	2.3	–	21.27
Other long term liabilities.....	2.4	–	3.06
Long term provisions.....	2.5	<b>767.28</b>	612.53
		<b>767.28</b>	636.86
<b>CURRENT LIABILITIES</b>			
Trade payables			
– Total outstanding dues of Micro Enterprises and Small Enterprises....	2.6	–	–
– Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises.....	2.6	<b>2,197.21</b>	1,574.17
Other current liabilities.....	2.7	<b>376.58</b>	181.32
Short term provisions.....	2.8	<b>359.95</b>	336.92
		<b>2,933.74</b>	2,092.41
<b>TOTAL</b>		<b>9,853.73</b>	<b>10,184.48</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
– Tangible.....	2.09	<b>933.99</b>	992.96
– Intangible.....	2.10	<b>54.98</b>	–
Non-current investments.....	2.11	<b>452.55</b>	654.14
Deferred tax assets.....	2.12	<b>420.45</b>	444.52
Long term loans and advances.....	2.13	<b>549.34</b>	516.11
		<b>2,411.31</b>	2,607.73
<b>CURRENT ASSETS</b>			
Trade Receivables.....	2.14	<b>2,670.05</b>	2,323.16
Cash and cash equivalents.....	2.15	<b>3,336.33</b>	4,519.06
Short term loans and advances.....	2.16	<b>318.11</b>	291.48
Other current assets.....	2.17	<b>1,117.93</b>	443.05
		<b>7,442.42</b>	7,576.75
<b>TOTAL</b>		<b>9,853.73</b>	<b>10,184.48</b>

**SIGNIFICANT ACCOUNTING POLICIES** ..... 1

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Sunil S Kothari**  
Partner

Mumbai, April 26, 2016

For and on behalf of the Board

**Ulhas N. Yargop**  
Director

**C. Krishnadas**  
Director

**Nikhilesh Panchal**  
Director

**Harsh Vaish**  
Chief Financial Officer

Mumbai, April 26, 2016

**K. Chandrasekar**  
Director

**P. R. Barpande**  
Director

**Bhaskar Ramanasundaram**  
Chief Executive Officer

**Payal Vyas**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Notes	Year ended March 31, 2016	(₹ In Lakhs) Year ended March 31, 2015
Revenue from operations.....	2.18	<b>21,580.23</b>	16,521.01
Other income.....	2.19	<b>633.68</b>	596.93
<b>Total Revenue</b> .....		<b>22,213.91</b>	17,117.94
<b>Expenditure</b>			
Employee benefits expense.....	2.20	<b>13,970.70</b>	10,675.10
Finance costs.....	2.21	<b>7.76</b>	29.89
Depreciation and Amortisation expense.....	2.9 & 2.10	<b>392.62</b>	433.83
Other expenses.....	2.22	<b>4,337.13</b>	3,442.05
<b>Total Expenditure</b> .....		<b>18,708.21</b>	14,580.87
<b>Profit before tax</b>		<b>3,505.70</b>	2,537.07
Tax expense.....			
– Current tax.....		<b>1,345.00</b>	985.00
– Deferred tax.....	2.12	<b>24.07</b>	(145.81)
		<b>1,369.07</b>	839.19
<b>Profit for the year</b>		<b>2,136.63</b>	1,697.88
Earnings per equity share (Nominal Value of equity share Rs.100/- per Share).....			
Basic and Diluted.....	2.32	<b>112.16</b>	89.13
<b>SIGNIFICANT ACCOUNTING POLICIES</b> .....	<b>1</b>		
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Sunil S Kothari**  
Partner

Mumbai, April 26, 2016

For and on behalf of the Board

**Ulhas N. Yargop**

Director

**C. Krishnadas**

Director

**Nikhilesh Panchal**

Director

**Harsh Vaish**

Chief Financial Officer

Mumbai, April 26, 2016

**K. Chandrasekar**

Director

**P. R. Barpande**

Director

**Bhaskar Ramanasundaram**

Chief Executive Officer

**Payal Vyas**

Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>A Cash flow from operating activities</b>		
Profit before tax .....	3,505.70	2,537.07
Adjustments for:		
Depreciation and Amortisation.....	392.62	433.83
Unrealised exchange (gain)/loss .....	(12.15)	2.17
Finance costs.....	7.76	29.89
Interest income .....	(295.54)	(230.66)
Dividend from non-current investments.....	(0.15)	(0.15)
(Profit)/loss on scrap/sale of fixed assets (net).....	(0.34)	11.76
Adjustments to the carrying amount of investments .....	200.59	125.37
Liabilities/provisions no longer required written back.....	(227.14)	(366.12)
	<b>65.65</b>	<b>6.09</b>
<b>Operating profit before working capital changes .....</b>	<b>3,571.35</b>	<b>2,543.16</b>
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Trade receivables.....	(334.74)	2,292.10
Short-term loans and advances .....	(26.63)	94.13
Other current assets .....	(691.71)	225.24
Long-term loans and advances.....	(9.28)	(2.27)
	<b>(1,062.36)</b>	<b>2,609.20</b>
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables.....	850.18	72.49
Other current liabilities.....	134.48	(163.69)
Short term provisions.....	20.61	52.73
Long term provisions.....	154.75	106.71
	<b>1,160.02</b>	<b>68.24</b>
<b>Cash flow from operations</b>		
Direct tax (paid)/refunded (net).....	(1,366.53)	(927.01)
<b>Net cash flow from operating activities .....</b>	<b>2,302.48</b>	<b>4,293.59</b>
<b>B Cash flow from investing activities:</b>		
Purchase of fixed assets .....	(305.13)	(199.03)
Proceeds from sale of fixed assets.....	3.42	7.30
Sale of non-current investments .....	1.00	-
Fixed deposits with bank (net).....	(561.07)	(2,181.38)
Dividend from current investments.....	0.15	0.15
Interest received .....	312.37	133.97
<b>Net cash used in investing activities .....</b>	<b>(549.26)</b>	<b>(2,238.99)</b>



Particulars	(₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>C Cash flow from financing activities:</b>		
Finance costs paid .....	(7.76)	(32.10)
Repayment of finance lease.....	(50.13)	(28.79)
Decrease in cash credit from banks.....	-	(373.92)
Dividend paid.....	(2,857.42)	-
Tax on dividend.....	(581.71)	-
Repayment of loan .....	-	(180.75)
<b>Net cash used in financing activities.....</b>	<b>(3,497.02)</b>	<b>(615.56)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C) .....</b>	<b>(1,743.80)</b>	<b>1,439.04</b>
<b>Cash and cash equivalents at the commencement of the year, comprising:</b>		
Cheques on hand.....	-	16.84
Balances with banks (with maturity less than 3 months) .....	2,320.63	881.75
Funds in transit.....	17.00	-
	<b>2,337.63</b>	<b>898.59</b>
<b>Cash and cash equivalents at the end of the year, comprising:</b>		
Cheques on hand.....	-	-
Balances with banks (with maturity less than 3 months) .....	593.83	2,320.63
Funds in transit.....	-	17.00
	<b>593.83</b>	<b>2,337.63</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C) .....</b>	<b>(1,743.80)</b>	<b>1,439.04</b>

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Sunil S Kothari**  
Partner

Mumbai, April 26, 2016

For and on behalf of the Board

**Ulhas N. Yargop**

Director

**C. Krishnadas**

Director

**Nikhilesh Panchal**

Director

**Harsh Vaish**

Chief Financial Officer

Mumbai, April 26, 2016

**K. Chandrasekar**

Director

**P. R. Barpande**

Director

**Bhaskar Ramanasundaram**

Chief Executive Officer

**Payal Vyas**

Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE

### 1. Significant accounting policies:

#### Basis for preparation of accounts:

The financial statements have been prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 2013, and comply with the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as applicable.

#### Use of estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles require the management to make estimates and assumptions to be considered in the reported amounts of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amounts of revenues and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Further results could differ due to these estimates and differences between the actual results and the estimates are recognised in the period in which the results are known/materialise.

#### Revenue recognition:

Revenue from software services performed on 'time and material' basis is recognised as and when services are performed.

Revenues from fixed price contracts are recognized over the life of the contract using the proportionate completion method, with man hours input determining the degree of completion. The estimation of man hours required to complete the project requires significant judgment. When adjustments in estimated project man hours are identified, anticipated losses, if any, are recognized in the period in which they are determined.

Revenue from sale of products - Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales excludes sales tax and value added tax.

#### Fixed assets

All fixed assets are stated at cost less depreciation. Costs comprise purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

#### Depreciation on fixed assets:

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

	Previous Useful life	Revised useful life w.e.f 1 <sup>st</sup> April 2014
<b>A Owned assets</b>		
Leasehold improvement*	5 years	5 years
Furniture and fittings	15 years	10 years
Office equipment	20 years	5 years
Office equipment – mobile handset*	3 years	3 years
<b>Computer and equipment</b>		
IT equipment – server	6 years	6 years
IT equipment – non server	6 years	3 years
Vehicles	10 years	8 years
<b>B Assets under finance lease</b>		
<b>Computer and equipment</b>		
IT equipment – non server	6 years	3 years
Furniture and fittings*	5 years	5 years
Office equipment*	5 years	5 years

\* For these class of assets, based on internal assessment the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful life for these assets is different from the useful lives as prescribed under Part C of Scheduled II of the companies Act 2013.

Intangible assets are amortised on a straight line basis over their useful life of 5 years, which reflects the pattern in which the asset's economic benefits are consumed. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the change in pattern if any.

#### Investments:

Investments are valued at cost. Provision for diminution in the value is made to recognise a decline, other than temporary, in the value of the investments.

#### Borrowing costs:

Borrowing costs that are attributable to acquisition or construction of the qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

#### Employee benefits:

1. Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of Profit and Loss for the year in which the related service is rendered.

2. Long term benefits:

a. Defined contribution plan

i. Provident and family pension fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contribution at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident fund and family pension fund are classified as defined contribution plans as the Company has no further obligations beyond making the contribution.

ii. Superannuation

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes yearly contribution at a specified percentage of the employees' eligible salary (currently 13% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India. Superannuation is classified as defined contribution plan as the Company has no further obligations beyond making the contribution.

The Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as incurred.

b. Defined benefit plan – Gratuity

The Company has obligation towards gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation carried out as at the year end. Actuarial gain or loss is recognised in the statement of Profit and Loss.

c. Other long term benefits - Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each Balance Sheet date on the basis of an independent actuarial valuation carried out as at the year end. Actuarial gain or loss is recognised in the statement of Profit and Loss.

#### Foreign currency transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies are revalued at the exchange rate prevailing as at the year end. The exchange differences arising out of settlement or on conversion at the closing rate are recognised in the Statement of Profit and Loss.

#### Income taxes:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities using the applicable tax rate. Deferred tax is recognised for timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

using enacted/substantially enacted tax rate. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

### Minimum alternative tax credit:

Minimum alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal tax during the specified period as per the Income-tax Act, 1961. In the year, in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. MAT credit is reviewed at each balance sheet date and the carrying amount of MAT credit is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during such specified period i.e. presently ten succeeding years from the year in which MAT credit becomes allowable.

### Impairment of assets:

At each Balance Sheet date, the Company assesses whether there is any indication of impairment based on internal / external factors. If any of such indication exists impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

### Provision and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimates can be made. Provisions are not discounted to their present values and are determined based on the management estimates of amount required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates. Contingent liabilities are disclosed in the notes.

### Leases:

#### a. Operating lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### b. Finance lease:

Lease arrangements whereby the company essentially assumes the same rights as ownership of the assets are classified as finance lease.

Assets taken under finance lease are capitalized at fair value or present value of the minimum lease payments, whichever is lower.

Depreciation on the assets taken under finance lease is charged at the rate applicable to similar type of the fixed assets as per the Company's accounting policy for depreciation as stated above.

Lease liability is recognized at present value of the minimum lease payment considering interest rate implicit in the lease.

Lease payments made are apportioned between the finance charges and reduction of the outstanding lease liabilities in respect of the assets taken under lease.

### Cash flow statement:

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### Earnings per share:

Basic earnings per share is computed by dividing the profit for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit for the year as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

## 2. Notes to the financial statements

### 2.1 Share Capital

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
<b>Authorised:</b>		
2,500,000 (previous year 2,500,000) Equity shares of ₹100/- each	2,500.00	2,500.00
<b>Issued:</b>		
1,924,130 (previous year 1,924,130) Equity shares of ₹100/- each	1,924.13	1,924.13
<b>Subscribed and Paid-up (See footnotes):</b>		
1,904,944 (previous year 1,904,944) Equity shares of ₹100/- each fully paid-up	1,904.94	1,904.94
	<b>1,904.94</b>	<b>1,904.94</b>

- (1) All the above shares are held by Bristlecone Limited, Cayman Island, the holding company, including 36 equity shares held jointly with its nominees. The ultimate holding company is Mahindra & Mahindra Limited.
- (2) The Company has only one class of shares i.e. equity shares having a par value of Rs. 100. Each holder of equity share is entitled to one vote per share held. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets after deducting all its liabilities, in proportion to the number of equity shares held.
- (3) Details of shareholder holding more than 5% of paid-up capital:

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% holding	No. of shares	% holding
Bristlecone Limited (including 36 Equity shares held jointly with its nominees)	1,904,944	100	1,904,944	100

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

### 2.2 Reserves and surplus

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
<b>Capital Reserve</b>		
As per last Balance Sheet	88.34	88.34
<b>Surplus in the statement of Profit and Loss</b>		
Opening Balance	5,461.93	3,824.85
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax ) (Refer Note no. 2.35)	-	(60.80)
Less: Interim Dividend		
Dividends distributed to equity share holders (Rs. 150 per share)	(2,857.42)	-
Tax on dividend	(581.71)	-
Add: Profit for the year transferred from statement of profit and loss	2,136.63	1,697.88
Closing Balance	4,159.43	5,461.93
	<u>4,247.77</u>	<u>5,550.27</u>

### 2.3 Long-term borrowings

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
Long term maturities of finance lease obligations (Secured) [see footnotes 1 and 2]	-	21.27
	-	21.27
	<u>-</u>	<u>21.27</u>

(1) The Company had taken certain assets on finance lease. The lease obligation was secured by the assets acquired under the finance lease (see note 2.9). The lease has been foreclosed during this year.

(2) The future minimum lease payments and present value (PV) of future minimum lease payments at the interest rate implicit in the lease are as follow;

Particulars	₹ In Lakhs)			
	Future minimum lease payments		PV of future minimum lease payments	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Not later than one year	-	33.75	-	28.86
Later than one year but not later than five years	-	22.65	-	21.27
Later than five years	-	-	-	-
	-	56.40	-	50.13
	<u>-</u>	<u>56.40</u>	<u>-</u>	<u>50.13</u>

### 2.4 Other long term liabilities

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
Payables on purchase of fixed assets	-	3.06
	-	3.06
	<u>-</u>	<u>3.06</u>

### 2.5 Long-term provisions

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
- Gratuity [see note 2.25(2)(b)]	370.68	293.02
- Compensated absences	396.60	319.51
	<u>767.28</u>	<u>612.53</u>

### 2.6 Trade payables

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
Trade payables		
- Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,197.21	1,574.17
	<u>2,197.21</u>	<u>1,574.17</u>

There are no amounts due to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

### 2.7 Other current liabilities

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
Current maturities of finance lease obligations [See note 2.3 (2)]	-	28.86
Income received in advance	82.89	75.37
Statutory remittances ( Contributions to PF, Withholding Taxes, Service Tax etc. )	182.30	71.94
Payables on purchase of fixed assets	94.79	5.15
Security deposit received [See note 2.26 (2) (b)]	16.20	-
Advance from customer	0.40	-
	<u>376.58</u>	<u>181.32</u>

### 2.8 Short term provisions

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
- Gratuity [see note 2.25(2)(b)]	89.47	94.38
- Compensated absences	161.32	135.80
Provision for fringe benefit tax (net of advance tax ₹ 35.93 Lakhs (As at 31 <sup>st</sup> March, 2015 ₹ 35.93 Lakhs))	6.89	6.89
Provision for income-tax (net of advance tax ₹ 1,571.63 Lakhs (As at 31 <sup>st</sup> March, 2015 ₹ 229.05 Lakhs))	102.27	99.85
	<u>359.95</u>	<u>336.92</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

### 2.9 Fixed Assets

#### Tangible Assets

(₹ In Lakhs)

Description of assets	Original Cost					Depreciation					Net book value		
	Opening as at April 01, 2015	Additions during the year	Deductions/Retirement during the year	Other Adjustment (Re-classifications) *	Closing as at March 31, 2016	Opening as at April 01, 2015	For the year	Deductions during the year/Adjustment During the Year	Transition adjustment recorded against Surplus balance in Statement of Profit & Loss	Other Adjustment (Re-classifications) *	As at March 31, 2016	As at March 31, 2016	Closing as at March 31, 2015
<b>A Owned assets</b>													
Leasehold improvement	504.83	–	–	–	504.83	321.53	69.69	–	–	–	391.22	113.61	–
	(504.83)	–	–	–	(504.83)	(251.84)	(69.69)	–	–	–	(321.53)	–	(183.30)
Furniture and fittings	318.50	1.87	–	90.97	411.34	100.70	39.10	–	–	70.58	210.38	200.96	–
	(302.90)	(19.61)	(4.01)	–	(318.50)	(67.33)	(32.78)	(3.33)	(3.92)	–	(100.70)	–	(217.80)
Office equipment	276.97	22.37	0.09	43.39	342.64	149.15	52.24	0.09	–	33.68	234.98	107.66	–
	(273.72)	(3.88)	(0.63)	–	(276.97)	(59.03)	(43.90)	(0.37)	(46.59)	–	(149.15)	–	(127.82)
Computer and equipment	1,202.53	308.79	2.95	29.46	1,537.83	847.90	203.38	2.43	–	27.96	1,076.81	461.02	–
	(1,209.74)	(155.61)	(162.82)	–	(1,202.53)	(713.56)	(249.00)	(144.70)	(30.04)	–	(847.90)	–	(354.63)
Vehicles	92.29	–	8.77	–	83.52	27.92	11.07	6.21	–	–	32.78	50.74	–
	(77.26)	(15.03)	–	–	(92.29)	(16.33)	(11.59)	–	–	–	(27.92)	–	(64.37)
<b>B Assets under finance lease</b>													
[See note 2.3 (1)]													
Computer equipment	29.46	–	–	(29.46)	–	27.96	–	–	–	(27.96)	–	–	–
	(29.46)	–	–	–	(29.46)	(16.40)	–	–	(11.56)	–	(27.96)	–	(1.50)
Furniture and fittings	90.97	–	–	(90.97)	–	61.48	9.10	–	–	(70.58)	–	–	–
	(90.97)	–	–	–	(90.97)	(43.29)	(18.19)	–	–	–	(61.48)	–	(29.49)
Office equipment	43.39	–	–	(43.39)	–	29.34	4.34	–	–	(33.68)	–	–	–
	(43.39)	–	–	–	(43.39)	(20.66)	(8.68)	–	–	–	(29.34)	–	(14.05)
<b>TOTAL</b>	<b>2,558.94</b>	<b>333.03</b>	<b>11.81</b>	<b>–</b>	<b>2,880.16</b>	<b>1,565.98</b>	<b>388.92</b>	<b>8.73</b>	<b>–</b>	<b>–</b>	<b>1,946.17</b>	<b>933.99</b>	<b>–</b>
<b>Previous year</b>	<b>(2,532.27)</b>	<b>(194.13)</b>	<b>(167.46)</b>	<b>–</b>	<b>(2,558.94)</b>	<b>(1,188.44)</b>	<b>(433.83)</b>	<b>(148.40)</b>	<b>(92.11)</b>	<b>–</b>	<b>(1,565.98)</b>	<b>–</b>	<b>(992.96)</b>

Figures in bracket pertain to previous year

\* Other adjustment pertains to assets under finance lease amounting to Rs. 163.82 lakhs (previous year Rs. Nil), which have been re-classified to owned assets, on the closure of finance lease.

### 2.10 Fixed Assets

#### Intangible Assets

(₹ In Lakhs)

Description of assets	Original Cost					Amortization					Net book value		
	Opening as at April 01, 2015	Additions during the year	Deductions/Retirement during the year	Other Adjustment (Re-classifications)	Closing as at March 31, 2016	Opening as at April 01, 2015	For the year	Deductions during the year/Adjustment During the Year	Transition adjustment recorded against Surplus balance in Statement of Profit & Loss	Other Adjustment (Re-classifications)	As at March 31, 2016	As at March 31, 2016	Closing as at March 31, 2015
Computer Software	–	58.68	–	–	58.68	–	3.70	–	–	–	3.70	54.98	–
	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>58.68</b>	<b>–</b>	<b>–</b>	<b>58.68</b>	<b>–</b>	<b>3.70</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3.70</b>	<b>54.98</b>	<b>–</b>
<b>Previous year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Figures in bracket pertain to previous year

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

### 2.11 Non-current investments

Particulars	₹ In Lakhs	
	As at March 31, 2016	As at March 31, 2015
Other than trade at cost (Unquoted)		
<b>Investments in equity instruments</b> (fully paid up)		
(a) 1,670,000 (previous year 1,670,000) shares of face value of SGD 1/- each of Bristlecone (Singapore) Pte. Ltd. (wholly owned subsidiary)[see footnote 1]	501.47	501.47
Less : Provision for diminution in value of investment	(325.96)	(125.37)
	<u>175.51</u>	<u>376.10</u>
(b) 1 (previous year 1) Share of face value of Euro 50,000/- of Bristlecone GmbH (wholly owned subsidiary)[see footnote 2]	277.04	277.04
	<u>452.55</u>	<u>653.14</u>
(c) Nil (previous year 4,000) Equity shares of Rs. 25/- each of The Zoroastrian Co-operative Bank Ltd.	-	1.00
	<u>452.55</u>	<u>654.14</u>

- (1) The Company has investment of SGD 1,670,000 (Rs. 501.47 Lakhs) in Bristlecone (Singapore) Pte. Ltd, a wholly owned subsidiary company. The accumulated losses, as at March 31, 2016, of the subsidiary on the basis of audited financial statements for the year ended March 31, 2016 is SGD 1,649,308 (previous year SGD 1,620,675).

Due to the continuous losses incurred by Bristlecone (Singapore) Pte. Ltd. and the expected volume in pipeline, the management of the Company believes that there is a other than temporary diminution in the value of the investment in subsidiary.

Accordingly, the Company has made a provision amounting to Rs. 325.96 Lakhs (total amount) (Previous year Rs. 125.37 lakhs) i.e. 65% of the value of the investment as at 31st March, 2016.

- (2) Includes Rs. 248.54 Lakhs (previous year Rs. 248.54 Lakhs) invested towards capital reserve of the company in accordance with German Commercial Code.

### 2.12 Deferred tax assets

The components of deferred tax liabilities and assets are as follows;

Particulars	₹ In Lakhs		
	Deferred tax asset/(liability) as at March 31, 2015*	(Charge)/credit for the year	Deferred tax asset/(liability) as at March 31, 2016
Depreciation	29.74	10.84	40.58
Provision for doubtful Trade receivables	1.30	0.80	2.10
Expenses covered under section 43B	286.44	65.92	352.36
Expenses disallowed under section 40 (a) (ia)	127.04	(101.63)	25.41
	<u>444.52</u>	<u>(24.07)</u>	<u>420.45</u>

\* Deferred Tax impact of depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil. remaining useful life of Rs. 31.31 lakhs adjusted against the opening surplus balance in the Statement of Profit and Loss. (Refer Note no. 2.35)

### 2.13 Long-term loans and advances

(unsecured considered good, unless stated otherwise)

Particulars	₹ In Lakhs	
	As at March 31, 2016	As at March 31, 2015
Security deposits		
– for rented premises	190.22	184.62
– for others	5.25	1.57
Advance tax (net of provision Rs. 1,871.68 Lakhs (As at 31st March, 2015 Rs. 1,871.68 Lakhs))	204.61	180.66
Fringe benefit tax paid	11.42	11.42
Tax payments under dispute	137.84	137.84
	<u>549.34</u>	<u>516.11</u>

### 2.14 Trade Receivables (unsecured, unless stated otherwise)

Particulars	₹ In Lakhs	
	As at March 31, 2016	As at March 31, 2015
<b>Trade receivable outstanding for a period exceeding six months from the date they were due for payment</b>		
Considered good	1.69	35.08
Considered doubtful	6.05	3.81
	<u>7.74</u>	<u>38.89</u>
Less: Provision for doubtful Trade receivables	(6.05)	(3.81)
	<u>1.69</u>	<u>35.08</u>
<b>Others</b> (considered good)	<b>2,668.36</b>	<b>2,288.08</b>
	<u>2,670.05</u>	<u>2,323.16</u>

See note 2.26(2)(b) for 'Trade receivables' from related parties.

### 2.15 Cash and cash equivalents

Particulars	₹ In Lakhs	
	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents		
– Balances with banks		
– In current accounts	443.83	494.14
– In other deposit accounts		
– original maturity of 3 months or less	150.00	1,826.49
	<u>593.83</u>	<u>2,320.63</u>
Other bank balances		
– In other deposit accounts		
– original maturity more than 3 months	2,742.50	2,181.43
Remittance in transit	-	17.00
	<u>3,336.33</u>	<u>4,519.06</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

### 2.16 Short-term loans and advances

(unsecured considered good, unless stated otherwise)

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
Security deposits for rented premises	8.90	12.50
Prepaid expenses	107.61	44.00
Balance with Central Excise (Service tax credit)	78.97	21.66
Travel advances to employees	39.53	59.71
Claims receivable	56.71	132.41
Other advances	26.39	21.20
	<u>318.11</u>	<u>291.48</u>

### 2.17 Other current assets

Particulars	₹ In Lakhs)	
	As at March 31, 2016	As at March 31, 2015
Unbilled revenue [see note 2.26(2)(b)]	1,037.22	345.51
Interest accrued on fixed deposit	80.71	97.54
	<u>1,117.93</u>	<u>443.05</u>

### 2.18 Revenue from operations

Particulars	₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Sale of services	21,425.22	16,505.48
Sale of products	148.00	-
Other operating revenue (Towards usage of IT & mobile)	7.01	15.53
	<u>21,580.23</u>	<u>16,521.01</u>

### 2.19 Other income

Particulars	₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Dividend income from long-term investment	0.15	0.15
Interest income		
- Deposits with a bank	295.54	198.51
- Income tax refund	-	32.15
Net gain on foreign currency transactions and translation (other than considered as finance cost)	110.51	-
Profit on write off/sale of fixed assets (net)	0.34	-
Liabilities/provisions no longer required written back	227.14	366.12
	<u>633.68</u>	<u>596.93</u>

### 2.20 Employee benefits expense

Particulars	₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Salaries, bonus, etc.	13,266.75	10,150.65
Contribution to provident and other funds	392.73	314.81
Gratuity [see note 2.25(2)(c)]	130.05	93.70
Staff welfare	181.17	115.94
	<u>13,970.70</u>	<u>10,675.10</u>

### 2.21 Finance costs

Particulars	₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Interest on		
- Cash credit from banks	3.14	7.82
- Term loans	-	9.20
- Finance leases	4.22	8.99
Others		
- Interest on delayed payment of income tax	0.40	3.88
	<u>7.76</u>	<u>29.89</u>

### 2.22 Other expenses

Particulars	₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Power	89.11	90.62
Rent [net of recovery Rs. 5.40 lakhs (Previous year : Rs. 70.77 lakh)]	449.46	352.20
Rates and taxes	2.56	1.40
Communication expenses	237.22	227.16
Travelling and conveyance	1,169.58	849.88
Recruitment expenses	245.39	170.73
Repairs and maintenance - computer and office equipment	24.35	26.37
Repairs and maintenance - Others	26.61	24.47
Insurance	3.88	4.77
Legal and professional fees (Including audit fees; see note 2.31)	606.79	424.40
Subcontracting expenses	458.52	472.75
Software expenses	346.84	193.25
Training expenses	54.37	81.90
Provision for doubtful debts and Bad debts written off (See note below)	37.94	-
Commission on sales	24.81	39.42
Loss on write off / sale of fixed assets (net)	-	11.76
Provision for losses (diminution in value of investments) in subsidiary companies	200.59	125.37
Expenditure on Corporate Social Responsibility (see note 2.36)	31.02	20.50
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	67.67
Miscellaneous expenses	328.09	257.43
	<u>4,337.13</u>	<u>3,442.05</u>

### 2.22 (a) Provision for doubtful debts and Bad debts written off

Particulars	₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Bad debts written off	35.70	-
Add/(Less):-		
Provision for the doubtful debts	2.24	-
	<u>37.94</u>	<u>-</u>

### 2.23 Operating Lease

(1) The Company has taken office premises / guest houses on operating lease. The lease term is on the basis of individual agreements entered into with the landlord. Certain agreements provide for increase in rent. There are no restrictions imposed by lease arrangements. The lease rental expense recognised in the statement of profit and loss for the year Rs. 449.46 Lakhs (previous year Rs. 352.20 Lakhs) [net of recovery].

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

The future minimum lease payments under non-cancellable operating leases for each of the following periods:

Particulars	(₹ Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Not later than one year	-	163.93
Later than one year but not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>163.93</u>

(2) During the year the Company has given a part of its leased premises on sub-lease. The rent received on account of sub-lease is Rs. 5.40 Lakhs (previous year Rs. 70.77 Lakhs).

### 2.24 Contingent liabilities to the extent not provided for

Particulars	(₹ Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Income tax matters under litigations (including interest)	270.66	255.86

Note: As on 31st March, 2016 the company's management does not expect any outflow in respect of these pending litigations related to direct tax matters stated above based on the legal advice obtained.

### 2.25 The disclosures as required under Accounting Standard 15 on "Employee Benefits"

#### (1) Defined Contribution Plan

Contribution for the year to Defined Contribution Plan is recognised in the Statement of Profit and Loss included under employee benefits expense note 2.20. Contribution to provident and other funds as disclosed in note 2.20 are as under:

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Employer's Contribution to Provident Fund	188.81	171.79
Employer's Contribution to Family Pension Fund	162.80	105.20
Employer's Contribution to Superannuation Fund	6.38	5.27

#### (2) Defined benefit plan – Gratuity (Unfunded)

(a) Reconciliation of opening and closing balances of Defined benefit obligation

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>Present value of Defined Benefit Obligation (DBO) as at the beginning of the year</b>	<b>387.40</b>	328.78
Current service cost	90.22	78.74
Interest cost	33.65	31.44
Actuarial loss/(gain)	6.18	(16.48)
Benefits paid	(57.30)	(35.08)
<b>Present value of Defined benefit obligation as at the end of the year</b>	<b>460.15</b>	<u>387.40</u>

(b) Break up of closing defined benefit obligation into current and non-current.

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Current	89.47	94.38
Non-current	370.68	293.02

(c) Expenses recognised during the year in the Statement of Profit and Loss.

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	90.22	78.74
Interest cost	33.65	31.44
Actuarial loss/(gain)	6.18	(16.48)
<b>Gratuity expense recognised in the statement of profit and loss [see note (2.20)]</b>	<b>130.05</b>	<u>93.70</u>

(d) Assumptions:

Particulars	Year ended	
	March 31, 2016	March 31, 2015
Discount rate	7.60%	7.95%
Salary escalation rate	7.00%	7.00%

The discount rate is based on the prevailing market yields of the Indian Government securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future increase in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

(e) Net liability recognised in the Balance Sheet and experience adjustments as at / for the year end and as at / for the previous four years end.

Particulars	(₹ In Lakhs)				
	Gratuity (Unfunded)				
	As at March 31, 2012	As at March 31, 2013	As at March 31, 2014	As at March 31, 2015	As at March 31, 2016
Present value of defined benefit obligation	261.25	330.7	328.78	387.40	460.15
Experience adjustment arising on:					
Plan liabilities [loss/(gain)]	(49.93)	0.07	(24.28)	(12.00)	(1.27)

(f) The above information has been certified by the actuary.

#### (2) Compensated absences -

Compensated absences charged to Statement of Profit and Loss Rs. 189.39 lakhs (previous year Rs. 176.58 lakhs) and liability as at 31st March 2016 Rs. 557.92 lakhs (previous year Rs. 455.31)



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

### 2.26 Related party disclosures

					(₹ in Lakhs)			
(1) List of Related parties and relationships	Particulars				Ultimate Holding Company	Subsidiary Companies	Fellow Subsidiary Companies	Holding Company
Name of the Related Party and Nature of Relationship								
<b>(a) Holding company and ultimate holding company</b>								
Bristleccone Limited (Holding company)	Income from sub-lease				-	-	5.40	-
Mahindra and Mahindra Limited (Ultimate Holding company)					(-)	(-)	(-)	(-)
<b>(b) Subsidiary companies</b>								
Bristleccone (Singapore) Pte. Ltd.	Dividend Paid (Excluding Dividend Distribution Tax)				-	-	-	2,857.42
Bristleccone GmbH					(-)	(-)	(-)	(-)
<b>(c) Fellow subsidiaries (where there are transactions)</b>								
Bristleccone Inc.	Professional fees				-	-	15.83	-
Bristleccone (UK) Ltd.					(-)	(-)	(12.51)	(-)
Bristleccone (Malaysia) Sdn. Bhd..	Other expenses				8.16	-	3.24	-
Bristleccone Consulting Ltd.					(-)	(-)	(7.79)	(-)
<b>(b) Related party balances as at the year end</b>								
Bristleccone International AG	Debit / (Credit) balances (net) outstanding as at the year end.				325.37	396.00	1,362.73	-
Mahindra First Choice Services Limited					(133.75)	(332.51)	(1,505.66)	(-)
Mahindra First Choice Wheels Limited	Provision for doubtful trade receivables as at the year end.				3.81	-	-	-
Mahindra Two Wheelers Ltd					(3.81)	(-)	(-)	(-)
Mahindra Life Space Developers Limited	Security deposits received				-	-	16.20	-
Mahindra Retail Private Limited					(-)	(-)	(-)	(-)
Mahindra Agri Solutions Limited (formerly known as Mahindra Shubhlabh Services Limited.)	Unbilled Revenues as at the year end.				334.64	-	0.63	-
Mahindra USA Inc.					(45.87)	(-)	(8.34)	(-)
Mahindra Integrated Business Solutions Private Limited	Income received in advance				80.64	-	-	-
Mahindra Holidays & Resorts India Limited					(55.00)	(-)	(-)	(-)
Mahindra Vehicle Manufacturers Limited					[Figures in brackets “( )” pertain to the previous year]			
Mahindra Logistics Limited					<b>(c) Transactions with Key Managerial Personnel</b>			
Mahindra Aerostructures Private Limited								
Mahindra & Mahindra South Africa (Pty) Limited								
Mahindra Reva Electric Vehicles Limited (Formerly known as Mahindra Reva Electric Vehicles Private Limited)								
Mahindra Susten Private Limited (formerly known as Mahindra EPC Services Private Limited)								
Gippsaero Pty. Limited								
<b>(d) Key Managerial Personnel</b>								
Satish Moorjani - Chief Executive Officer (upto 22nd April, 2015)								
Bhaskar Ramanasundaram - Chief Executive Officer (w.e.f. 9th October, 2015)								
Harsh Vaish - Chief Financial Officer								
Payal Vyas - Company Secretary								
<b>(2) Related Party Transactions and Balances</b>								
					(₹ in Lakhs)			
Particulars	Ultimate Holding Company	Subsidiary Companies	Fellow Subsidiary Companies	Holding Company				
<b>(a) Transactions with related parties</b>								
Reimbursement of expenses paid	11.23	-	-	-				
	(21.60)	(-)	(-)	(-)				
Reimbursement of expenses received	4.96	101.94	763.74	-				
	(9.20)	(23.68)	(581.25)	(-)				
Income from services rendered	4,583.49	5,272.31	8,856.31	-				
	(3,451.56)	(3,257.21)	(7,271.74)	(-)				
Income from sale of product	139.00	-	-	-				
	(-)	(-)	(-)	(-)				
					(₹ in Lakhs)			
<b>Transactions</b>					<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>		
<b>Reimbursement of expenses received:-</b>								
<i>Subsidiary companies</i>								
Bristleccone GmbH					<b>101.94</b>	22.92		
<i>Fellow Subsidiary Companies</i>								
Bristleccone Inc.					703.85	433.75		
Bristleccone International AG					<b>58.40</b>	104.18		
<b>Income from services rendered:-</b>								
<i>Subsidiary companies</i>								
Bristleccone GmbH					5,272.31	3,220.15		
<i>Fellow Subsidiary companies</i>								
Bristleccone Inc.					5,960.05	4,889.14		
Bristleccone (Malaysia) Sdn.Bhd.					<b>1,060.83</b>	1,546.00		
<b>Professional fees</b>								
<i>Fellow Subsidiary company</i>								
Mahindra Integrated Business Solutions Private Limited					15.83	12.51		
<b>Other expenses</b>								
<i>Fellow Subsidiary company</i>								
Mahindra Holidays and Resorts India Limited					<b>3.24</b>	7.79		

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

### 2.27 Segment Reporting:

#### (1) Primary Segment: Business Segment

The Company's business activity falls within a single business segment viz. 'Information Technology Services'. All other activities of the company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

#### (2) Secondary Segment: Geographical Segment

The Company has identified two segments under this category based on geographical locations of customers.

Particulars	(₹ in Lakhs)		
	Domestic	Overseas	Total
Revenue attributable to location of customers	7,737.39	13,842.84	21,580.23
(i.e. income from services and sale of computer hardware/software)	(6,117.39)	(10,403.62)	(16,521.01)
Assets – Trade receivables	941.64	1,728.41	2,670.05
	(516.83)	(1,806.33)	(2,323.16)
Assets – Unbilled revenues	1,022.10	15.12	1,037.22
	(345.51)	–	(345.51)
Capital Expenditure	305.13	–	–
	(194.13)	–	(194.13)

#### Notes:

(a) The Company's operating facilities are located in India. Most of the assets are not identifiable separately to any reportable segment as these are used interchangeably between the segments.

(b) Figures for the previous year are given in bracket.

2.28(a) Details of Derivative Instruments (for hedging): None

2.28(b) The year end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Sr. No.	Particulars	As at March 31, 2016 ₹ In Lakhs	As at March 31, 2016 In Foreign Currency	As at March 31, 2015 ₹ In Lakhs	As at March 31, 2015 In Foreign Currency
(a)	<b>Amounts receivable in foreign currency on account of the following:</b>				
	Unbilled Revenues	Nil	EUR – Nil	Nil	EUR – Nil
		15.12	USD – 22,425	Nil	USD – Nil
	Debtors	939.09	USD – 14,06,583	1,307.02	USD – 2,087,553
		361.58	MYR – 2,247,286	176.61	MYR – 1,047,349
		–	–	1.82	SGD – 4,000
		421.78	EUR – 562,222	320.88	EUR – 474,368
		5.97	ZAR – 137,561	–	–

2.29 Expenditure in foreign currency (on accrual basis):

Sr. No.	Particulars	(₹ In Lakhs)	
		Year ended March 31, 2016	Year ended March 31, 2015
(i)	Travelling	207.14	212.80
(ii)	Subscription expenses	12.29	–
(iii)	Software purchase expenses	114.80	99.89
(iv)	Subcontracting expenses	57.08	65.38

### 2.30 Earning in foreign currency:

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Professional and consultancy fees in respect of services rendered (including unbilled revenue)	13,842.84	10,403.62

### 2.31 Remuneration to auditors (excluding service tax):

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
As statutory auditors	16.00	10.50
For taxation matter	–	10.50
For other services	1.30	–
For reimbursement of expenses	0.10	0.12
	17.40	21.12

### 2.32 Earnings per share:

Sr. No.	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
(i)	Profit for the year (Rs. In Lakhs)	2,136.63	1,697.88
(ii)	Weighted average number of Equity Shares (for Basic and Diluted)	1,904,944	1,904,944
(iii)	Nominal value per equity share (Rs.)	100	100
(iv)	Earnings Per Share in (Rs.) [Basic and Diluted]	112.16	89.13

### 2.33 Amount remitted in foreign currency during the year on account of dividend

Sr. No.	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
(i)	Amount of dividend remitted in foreign currency	2,857.42	–
(ii)	Total number of non-resident share holders (to whom the dividends were remitted in foreign currency)	1	–
(iii)	Total number of shares held by them on which dividend were distributed	1,904,944	–
(iv)	Year to which dividend relates	2015–16	–

2.34 Capital Commitments as at 31st March, 2016 Rs. Nil (Previous Year Rs. Nil).

2.35 During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II.

Asset	Previous Useful life	Revised useful life w.e.f. 1 April 2014
<b>A Owned assets</b>		
Leasehold improvement	5 years	5 years
Furniture and fittings	15 years	10 years
Office equipment	20 years	5 years
Office equipment -mobile handset	3 years	3 years
<b>Computer and equipment</b>		
IT equipment – server	6 years	6 years

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

Asset	Previous Useful life	Revised useful life w.e.f. 1 April 2014
IT equipment – non server	6 years	3 years
Vehicles	10 years	8 years
<b>B Assets under finance lease</b>		
<b>Computer and equipment</b>		
IT equipment – non server	6 years	3 years
Furniture and fittings	5 years	5 years
Office equipment	5 years	5 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company had fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. Nil (Previous Year Rs. 60.80 lakhs (net of deferred tax of Rs. 31.31 lakhs)) against the opening surplus balance in the Statement of Profit and Loss under Reserves and Surplus

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. Nil (Previous Year Rs. 62.41 lakhs) consequent to the change in the useful life of the assets.

**2.36** Pursuant to Companies Act 2013, Corporate Social Responsibility (CSR) committee has been formed on 12th November 2014 to undertake CSR projects. The CSR committee has identified, various long term projects. The Company has spent Rs. 31.02 lakhs on CSR activities during the year ended 31st March 2016.

**2.37** Previous Year's figures have been regrouped / rearranged wherever necessary in order to confirm to current year's groupings and classifications.

For and on behalf of the Board

**Ulhas N. Yargop**

Director

**C. Krishnadas**

Director

**Nikhilesh Panchal**

Director

**Harsh Vaish**

Chief Financial Officer

**K. Chandrasekar**

Director

**P. R. Barpande**

Director

**Bhaskar Ramanasundaram**

Chief Executive Officer

**Payal Vyas**

Company Secretary

Mumbai, April 26, 2016

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures****Part "A": Subsidiaries**

(Amount in Rs.)

Sr. No.	Particulars	Details	
		Bristlecone (Singapore) Pte Ltd	Bristlecone GmBH
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Year ended March 31, 2016	Year ended March 31, 2016
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Currency: SGD Exchange Rate 1 SGD = 49.06 INR	Reporting Currency: EURO Exchange Rate 1 EURO = 75.02 INR
3.	Share capital	8,19,30,200	3,56,34,500
4.	Reserves & surplus	(8,09,15,050)	17,41,53,470
5.	Total assets	12,63,295	32,40,87,439
6.	Total Liabilities	12,63,295	32,40,87,439
7.	Investments	-	-
8.	Turnover	16,56,511	86,67,77,982
9.	Profit before taxation	(14,04,735)	11,80,17,073
10.	Provision for taxation	-	3,19,35,782
11.	Profit after taxation	(14,04,735)	8,60,81,291
12.	Proposed Dividend	Nil	Nil
13.	% of shareholding	100%	100%

- Names of subsidiaries which are yet to commence operations: **None**
- Names of subsidiaries which have been liquidated or sold during the year: **None**

**Part "B": Associates and Joint Ventures: Not Applicable**

Nil
-----

**For and on behalf of the Board**

**Ulhas N. Yargop**  
Director

**K. Chandrasekar**  
Director

**C. Krishnadas**  
Director

**P. R. Barpande**  
Director

**Nikhilesh Panchal**  
Director

**Bhaskar Ramanasundaram**  
Chief Executive Officer

**Harsh Vaish**  
Chief Financial Officer

**Payal Vyas**  
Company Secretary

Mumbai, April 26, 2016

## MANAGING DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Managing Directors present their Thirteenth Report together with the audited accounts for the financial year ended 31<sup>st</sup> March, 2016

### Financial Results

Particulars	Financial year ended	Financial year ended	Financial year ended	Financial year ended
	31 <sup>st</sup> March, 2016 (EURO)	31 <sup>st</sup> March, 2016 (INR)	31 <sup>st</sup> March, 2015 (EURO)	31 <sup>st</sup> March, 2015 (INR)
Sales and Income from Operations.....	11,623,196	871,390,996	5,883,083	441,054,769
Other Income.....	-	-	5	408
<b>Total</b> .....	<b>11,623,196</b>	<b>871,390,996</b>	<b>5,883,088</b>	<b>441,055,177</b>
Profit before Interest, Depreciation, Taxation and Extraordinary Items .....	1,577,010	118,228,475	769,686	57,703,334
Less: Depreciation.....	3,869	290,059	2,448	183,527
Profit before Tax.....	1,573,141	117,938,416	767,238	57,519,807
Tax on Income .....	425,697	31,914,497	189,051	14,173,165
Profit after Tax.....	1,147,444	86,023,919	578,187	43,346,642
Balance of Profit/(Loss) brought forward from last year.....	1,173,983	88,013,480	595,796	44,666,838
Profit & Loss Account Balance carried forward.....	2,321,427	174,037,399	1,173,983	88,013,480

### Share Capital

The Company's share capital is € 475,000 (INR 35,610,750) including Capital Reserve of € 425,000 (INR 31,862,250). The share capital is fully paid up by the sole shareholder Bristlecone India Limited, Mumbai, India.

### Directors' Responsibility Statement

The Directors state as an averment of the responsibility that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had 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;
- the directors had prepared the annual accounts on a going concern basis; and

- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Management and Representative Authority

Mr. Kulashekar Raghavan, Mr. Harsh Vaish and Mr. Krishnadas Chillara are Managing Directors of the Company. Each Managing Director of the Company represents the Company jointly with another Managing Director. Mr. Satish Moorjani has resigned as a Managing Director of the Company with effect from 12<sup>th</sup> January 2016.

### Auditors

The auditors WWS Wirtz, Walter, Schmitz GmbH, have expressed their willingness to accept re-appointment.

For and on behalf of the Board

**Harsh Vaish**  
**Krishnadas Chillara**  
Managing Directors

Place: Mumbai  
Date: 19<sup>th</sup> April, 2016

## A. Audit engagement

After appointment as auditor at the shareholder meeting of

### **Bristlecone GmbH, Frankfurt am Main,**

(hereinafter also referred to "the Company") the management of the Company has assigned us to audit the annual financial statements for the year ended 31<sup>st</sup> March, 2016, including the accounting records.

The terms governing this assignment are set out in the General Terms of Engagement for public accountants and firms of public accountants in the version of 1<sup>st</sup> January, 2002, which are attached as Annexure 5 to this report.

The performance and results of our audit are included in this report to which the audited financial statements (consisting of balance sheet, income statement and Notes) are enclosed as annexures 1 - 3. This report includes remarks in connection with HGB § 321 (1) sentence 3 (German Commercial Code) as well as a summary of the other results of the audit and the audit opinion. The performance and the results of the audit are specified in chapter C. and D. of this report in detail.

According to § 321 (4a) HGB we confirm that we have followed the independence rules for the audit.

Prepared this report in accordance with the German standard of auditing No. 450, which is published by the IDW (Institut der Wirtschaftsprüfer; German Institute of Public Accountants).

## B. Basic conclusions

Though the year end audit is not aimed to detect criminal liabilities and breach of by law outside the accounting, we are bound by law to indicate such facts, which represent serious violations of the legal representatives or of employees against the law or the bylaw of the company. Our audit has not revealed any such facts.

## C. Objects, nature and scope of the audit

We have audited the annual financial statements, including the accounting records, of Bristlecone GmbH for the financial year ended 31<sup>st</sup> March, 2016. The bookkeeping and the preparation of the annual financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements based on our audit.

The audit of the compliance of other legal regulations is only part of the annual year end audit, if the regulations have usually an impact on the financial statements.

We have conducted the audit of the annual financial statements in accordance with § 316 HGB considering the German generally accepted standard on auditing No 200: "Objectives and general principles of orderly performance of financial statements audits". The standard requires to plan and perform the audit, that reasonable assurance can be obtained, that the accounting records and the financial statements are free of material misstatements. The audit includes the assessment of the

accounting-, valuation- and classification-principles as well as the evaluation of the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Within the audit the following main audit procedures were carried out:

- Reconciliation statements for trade debtors
- Reconciliation of liabilities due to shareholder
- Reconciliation statements of the banks
- Completeness and valuation of accruals
- Check of the significant expenses and income positions with regard to completeness as well as consistency in classification and presentation compared to last year

We have carried out the audit within April 2016.

All requested information and verifications were given to us. The management supplied us with a letter of representation confirming the completeness of the accounting records and the financial statements.

## D. Observations and explanations of the financial accounting

### I. Accuracy of the accounting

#### 1. Accounting records and further documents

The Company's accounting records are properly maintained. The function of the accounting documents comply with requirement. The accounting records and further documents audited, comply with German legal regulations and the supplementary articles of the association.

#### 2. Financial statements

The financial statements as of 31 March, 2016, are orderly developed from the accounting records and other necessary records of the Company.

The balance sheet and the income statement are prepared in accordance with the regulations in German Commercial Code for the accounting of private limited companies [GmbH]. The notes to the financial statements include all legally required information.

We have no knowledge of significant matters that happened after the end of the financial year 2015 / 2016, which should be reported.

### II. Overall statement of financial statements

#### 1. Observation to overall statement of the financial statements

In our opinion, the financial statements show a true and fair view of the Company in accordance with the German principles of proper accounting.

#### 2. Essential valuation methods

The essential valuation methods are specified correctly by the company in the Notes. Essential changes of the valuation methods in comparison with the year before cannot be recorded.

**E. Replication of the Audit Opinion**

We have granted the following audit opinion as stated below to the financial statements as of 31<sup>st</sup> March, 2016 of Bristlecone GmbH, Frankfurt am Main:

“Audit Opinion

*To Bristlecone GmbH:*

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Bristlecone GmbH, Frankfurt am Main, for the business year from 1<sup>st</sup> April, 2015 until 31<sup>st</sup> March, 2016. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German Commercial Code and supplementary provisions in the articles of incorporation are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements including the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [“Handelsgesetzbuch: German Commercial Code”] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit, such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.”

Nettetal, 19<sup>th</sup> April, 2016 WWS Wirtz, Walter, Schmitz GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Post  
Wirtschaftsprüfer

## Annexure 1

**Balance Sheet as of March 31, 2016**

	2016/3/31 €	2016/3/31 Rs.	2015/3/31 €	2015/3/31 Rs.
<b>Assets</b>				
<b>A. Fixed assets</b>				
<b>I. Intangible assets</b>				
1. Software	2,00	150	2,00	150
<b>II. Property, plant and equipment</b>				
1. Other equipment, operational and office equipment	7.217,00	5,41,058	6.818,00	5,11,145
<b>B. Current assets</b>				
<b>I. Accounts receivable and other assets</b>				
1. Accounts receivable, trade	2.305.558,33	17,28,47,708	1.287.621,83	9,65,33,009
2. Receivables due from affiliated companies	41.860,00	31,38,244	68.804,00	51,58,236
3. Other assets	16.873,88	12,65,034	2.021,08	1,51,520
– thereof with a remaining term of more than one year: € 2.021,08 (Rs. 1,51,520) {(prior year: € 2.021,08 (Rs. 1,51,520))}				
	<u>2.364.292,21</u>	<u>17,72,50,986</u>	<u>1.358.446,91</u>	<u>10,18,42,765</u>
<b>II. Cash in banks</b>				
	<u>1.937.050,97</u>	<u>14,52,20,712</u>	<u>1.159.916,50</u>	<u>8,69,58,940</u>
<b>C. Prepaid expenses</b>				
	<u>11.451,67</u>	<u>8,58,532</u>	<u>12.958,14</u>	<u>9,71,472</u>
	<u>4.320.013,85</u>	<u>32,38,71,438</u>	<u>2.538.141,55</u>	<u>19,02,84,472</u>
	2016/3/31 €	2016/3/31 Rs.	2015/3/31 €	2015/3/31 Rs.
<b>Shareholder's equity and liabilities</b>				
<b>A. Equity</b>				
<b>I. Subscribed capital</b>				
	50.000,00	37,48,500	50.000,00	37,48,500
<b>II. Capital reserves</b>				
	425.000,00	3,18,62,250	425.000,00	3,18,62,250
<b>III. Profit carried forward</b>				
	1.173.982,66	8,80,13,480	595.796,16	4,46,66,838
<b>IV. Net profit</b>				
	1.147.444,56	8,60,23,919	578.186,50	4,33,46,642
	<u>2.796.427,22</u>	<u>20,96,48,149</u>	<u>1.648.982,66</u>	<u>12,36,24,230</u>
<b>B. Provisions</b>				
1. Tax provisions	440.319,13	3,30,10,725	211.754,16	1,58,75,209
2. Other provisions	497.006,23	3,72,60,558	140.453,00	1,05,29,762
	<u>937.325,36</u>	<u>7,02,71,283</u>	<u>352.207,16</u>	<u>2,64,04,971</u>
<b>C. Liabilities</b>				
<b>1. Accounts payable, trade</b>				
– thereof with a remaining term of less than one year: € 32.863,63 (Rs. 24,63,786) {(prior year: € 11.939,55 (Rs. 8,95,108))}	32.863,63	24,63,786	11.939,55	8,95,108
<b>2. Liabilities due to shareholder</b>				
– thereof with a remaining term of less than one year: € 528.064,66 (Rs. 3,95,89,008) {(prior year: € 488.934,91 (Rs. 3,66,55,450))}	528.064,66	3,95,89,008	488.934,91	3,66,55,450
<b>3. Liabilities due to affiliated companies</b>				
– thereof with a remaining term of less than one year: € 3.417,34 (Rs. 2,56,198) {(prior year: € 0,00 (Rs. 0.00))}	3.417,34	2,56,198	–	–
<b>4. Other liabilities</b>				
– thereof with a remaining term of less than one year: € 21.915,64 (Rs. 16,43,014) {(prior year: € 36.077,27 (Rs. 27,04,713))}	21.915,64	16,43,014	36.077,27	27,04,713
– thereof for taxes: € 17.621,54 (Rs. 13,21,086) {(prior year: € 34.607,57 (Rs. 25,94,530))}				
	<u>586.261,27</u>	<u>4,39,52,006</u>	<u>536.951,73</u>	<u>4,02,55,271</u>
	<u>4.320.013,85</u>	<u>32,38,71,438</u>	<u>2.538.141,55</u>	<u>19,02,84,472</u>



## Annexure 2

Income Statement for the Period 1<sup>st</sup> April, 2015 through 31<sup>st</sup> March, 2016

	2015/4/1 - 2016/3/31		2015/4/1 - 2016/3/31		2014/4/1 - 2015/3/31		2014/4/1 - 2015/3/31	
	€	€	Rs.	Rs.	€	€	Rs.	Rs.
1. Sales	<u>11.553.958,70</u>		<u>86,62,00,282</u>		5.773.430,07		43,28,34,053	
2. Other operating income	<u>69.237,21</u>		<u>51,90,714</u>		109.653,41		82,20,716	
– thereof from foreign currency translation: € 38.771,36 (Rs. 29,06,689) {(prior year: € 56.637,83) (Rs. 42,46,138)}								
3. Costs of purchased services	<u>8.879.862,20</u>		<u>66,57,23,269</u>		4.273.724,94		32,04,01,159	
4. Personnel expenses								
a) Wages and Salaries	<u>730.063,79</u>		<u>5,47,32,882</u>		527.006,33		3,95,09,665	
b) Social security, pension and other benefit costs	<u>46.253,58</u>		<u>34,67,631</u>		20.340,54		15,24,930	
	<u>776.317,37</u>		<u>5,82,00,513</u>		547.346,87		4,10,34,595	
5. Depreciation on intangible assets, plant and equipment	<u>3.869,00</u>		<u>2,90,059</u>		2.448,00		1,83,527	
6. Other operating expenses	<u>390.005,87</u>		<u>2,92,38,739</u>		292.331,46		2,19,16,089	
– thereof from foreign currency translation: € 100.700,68 (Rs. 75,49,530) {(prior year: € 5.033,71) (Rs. 3,77,377)}								
7. Other interest and similar income	<u>0,00</u>		<u>0,00</u>		5,44		408	
8. <b>Results from ordinary operations</b>	<u>1.573.141,47</u>		<u>11,79,38,416</u>		767.237,65		5,75,19,807	
9. Taxes on income	<u>425.696,91</u>		<u>3,19,14,497</u>		189.051,15		1,41,73,165	
– thereof deferred taxes: € 4.583,86 (Rs. 3,43,652) {(prior year: € 3.848,39) (Rs. 2,88,514)}								
10. <b>Net profit</b>	<u>1.147.444,56</u>		<u>8,60,23,919</u>		578.186,50		4,33,46,642	

## Annexure 3

**Notes to the financial statements as of 31<sup>st</sup> March, 2016****I. GENERAL EXPLANATIONS TO THE BALANCE SHEET AND INCOME STATEMENT**

The financial statements of Bristlecone GmbH, Frankfurt am Main, (referred to below as the 'Company') for the fiscal year as of 31<sup>st</sup> March, 2016, have been prepared according to the regulations of the German Commercial Code (HGB) and the Law on Limited Liabilities Companies (GmbH).

The cost-summary method has been applied in accordance with Sect. 275 Para. 2 German Commercial Code (HGB).

The Company is a small corporation according to Sect. 267 Para. 1 German Commercial Code (HGB).

**II. ACCOUNTING POLICIES****1. Fixed assets**

Purchased intangible assets are stated at acquisition cost less regular depreciation according to the rates permitted by tax law.

Tangible assets are stated at acquisition cost less regular depreciation according to the rates permitted by tax law.

Depreciation on additions to tangible assets is calculated pro rata temporis.

Low value items are fully depreciated in the year of acquisition.

The following depreciation methods have been used for the depreciation of fixed assets:

Item	Depreciation method	Useful lifetime
Software	straight line	1 - 3 years
Other equipment, operational and office equipment	straight line	3 - 13 years
Compound item	straight line	5 years

**2. Accounts receivable and other assets**

Accounts receivable and other assets are stated at nominal value or their net realizable value.

**3. Accrued Liabilities**

Provisions for uncertain liabilities are stated at the settlement amount based on reasonable business judgement.

**4. Liabilities**

Liabilities disclosed in the balance sheet are stated at the settlement amount.

**5. Foreign currency translation**

The financial statements contain currency transactions, which are translated into Euro.

Receivables and payables in foreign currencies are stated with the rate of the day of the business transaction.

Receivables and payables in foreign currencies with a remaining term of less than one year are stated with the average spot exchange rate of the balance sheet date.

Receivables and payables in foreign currencies with a remaining term of more than one year are stated with the average spot exchange rate of the balance sheet date or the lower or higher market value.

**6. Affiliated companies**

Companies, which are directly or indirectly controlled by Mahindra & Mahindra Ltd., Mumbai, India, are considered as affiliated companies.

**III. INDIVIDUAL COMMENTS TO THE BALANCE SHEET****1. Fixed assets**

Reference is made to the separate analysis of fixed assets attached herewith.

**2. Other provisions**

Other provisions in the amount of K€ 497 (Rs. 37,260) mainly represent provisions for outstanding invoices (K€ 319) (Rs. 23,916), provisions for personnel expenses (K€ 163) (Rs. 12,220) as well as provisions for the audit of the financial statements (K€ 9) (Rs. 675) and for legal and advisory fees (K€ 4) (Rs. 300).

**3. Liabilities**

All liabilities stated in the balance sheet are with a remaining term of less than one year.

**4. Receivables and liabilities due to shareholder and affiliated companies**

Receivables and liabilities due to the shareholder and affiliated companies result from current business operations.

**IV. OTHER INDIVIDUAL COMMENTS****1. Financial commitments**

As of 31<sup>st</sup> March, 2016, the Company had concluded the following rental commitments:

	Total amount K€	Total amount K Rs.
Office premises	34	2,549
Vehicles	39	2,924
	73	5,473

The payments refer to the following years:

	Total amount K€	Total amount K Rs.
2016/2017	26	1,949
2017/2018	25	1,874
2018/2019	22	1,649
	73	5,472

**2. Contingent liabilities**

As of balance sheet date, there are no contingent liabilities according to Sect. 251 German Commercial Code (HGB), which have to be reported on.

**3. Management and representative authority**

The managing directors of the Company during the fiscal year were the following:

- Kulashekar Raghavan Vasudevan, Cupertino, California/USA
- Krishnadas Chillara, Mumbai/India
- Satish Moorjani, Mumbai/India (until 12<sup>th</sup> January, 2016)
- Harsh Vaish, Pune/India (starting 12<sup>th</sup> January, 2016)

Each managing director of the Company represents the Company jointly with another managing director. If only one managing director is appointed, he has single power of representation. The managing directors are released from the regulations of Sect. 181 of the German Civil Code (BGB).

With the shareholder's meeting of 12<sup>th</sup> January, 2016, Mr. Harsh Vaish has been appointed as managing director of the Company and Mr. Satish Moorjani has been recalled as managing director. Mr. Vaish has single power of representation. The registration in the Commercial Register took place on 4<sup>th</sup> February, 2016.

**4. Headcount at yearly average**

During the fiscal year the Company employed an average of 5 employees (prior year: 2 employees).

**5. Consolidated financial statements**

Mahindra & Mahindra Ltd., Mumbai, India, is the ultimate parent company responsible for preparing the consolidated financial statements for the largest and smallest group of companies.

The consolidated financial statements are available in the office of Mahindra & Mahindra Ltd., Mumbai, India.

**6. Translation into Indian Rupees**

The amounts in Euros are translated for convenience into Indian Rupees at the exchange rate of Euro 1 = Rs. 74,97 (prior year: Euro 1 = Rs. 67,66), which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March, 2016.

Frankfurt am Main, 8<sup>th</sup> April, 2016

**Kulashekar Raghavan Vasudevan**

**Krishnadas Chillara**

**Harsh Vaish**

Development of fixed assets for the year ended 31<sup>st</sup> March, 2016

	At costs				Accumulated depreciation				Net book value	
	1 <sup>st</sup> April, 2015	Additions	Retirements	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015	Additions	Reversals	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	€	€	€	€	€	€	€	€	€	€
<b>I. Intangible assets</b>										
1. Software	1.074,60	-	-	1.074,60	1.072,60	0,00	0,00	1.072,60	2,00	2,00
Rs.	80,563	-	-	80,563	80,413	0,00	0,00	80,413	150	150
<b>II. Property, plant and equipment</b>										
1. Other equipment, operational and office equipment	45.384,57	4.268,00	-	49.652,57	38.566,57	3.869,00	-	42.435,57	7.217,00	6.818,00
Rs.	34,02,481	3,19,971	-	37,22,453	28,91,336	2,90,059	-	31,81,395	5,41,058	5,11,145
	<u>46.459,17</u>	<u>4.268,00</u>	<u>-</u>	<u>50.727,7</u>	<u>39.639,17</u>	<u>3.869,00</u>	<u>-</u>	<u>43.508,17</u>	<u>7.219,00</u>	<u>6.820,00</u>
Rs.	34,83,044	3,19,972	-	38,03,056	29,71,749	2,90,059	-	32,61,808	5,41,209	5,11,296

## Annexure 4

**Audit Opinion**

*To Bristlecone GmbH:*

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the book keeping system of Bristlecone GmbH, Frankfurt am Main, for the business year from 1<sup>st</sup> April, 2015 until 31<sup>st</sup> March, 2016. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German Commercial Code and supplementary provisions in the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements including the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch: German Commercial Code"] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit, such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit

includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.

Nettetal, 19<sup>th</sup> April, 2016

WWS Wirtz, Walter, Schmitz GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Post  
Wirtschaftsprüfer

## Explanations to the financial statements

### Balance sheet as of March 31, 2016

#### ASSETS

##### A. Fixed assets

##### I. Intangible assets

1. <u>Software</u>	2016/3/31	2016/3/31	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<u>2,00</u>	<u>150</u>	<u>2,00</u>	<u>150</u>

##### II. Property, plant and equipment

1. <u>Other equipment, operational and office equipment</u>	2016/3/31	2016/3/31	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<u>7.217,00</u>	<u>5,41,058</u>	<u>6.818,00</u>	<u>5,11,145</u>

##### B. Current assets

##### I. Accounts receivable and other assets

1. <u>Accounts receivable, trade</u>	2016/3/31	2016/3/31	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<u>2.305.558,33</u>	<u>17,28,47,708</u>	<u>1.287.621,83</u>	<u>9,65,33,009</u>

2. <u>Receivables due from affiliated companies</u>	2016/3/31	2016/3/31	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<u>41.860,00</u>	<u>31,38,244</u>	<u>68.804,00</u>	<u>51,58,236</u>

3. <u>Other assets</u>	2016/3/31	2016/3/31	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<u>16.873,88</u>	<u>12,65,034</u>	<u>2.021,08</u>	<u>1,51,520</u>

##### Content:

Rent deposit	2.021,08	1,51,520	2.021,08	1,36,746
Receivables due from employees	14.852,80	11,13,514	-	-
	<u>16.873,88</u>	<u>12,65,034</u>	<u>2.021,08</u>	<u>1,51,520</u>

##### II. Cash in banks

	2016/3/31	2016/3/31	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<u>1.937.050,97</u>	<u>14,52,20,712</u>	<u>1.159.916,50</u>	<u>8,69,58,940</u>

##### Content:

Commerzbank AG, Frankfurt am Main, current account	882.136,61	6,61,33,782	923.483,82	6,92,33,582
Commerzbank AG, Frankfurt am Main, currency account USD	1.054.914,36	7,90,86,930	203.210,58	1,52,34,697
Commerzbank AG, Frankfurt am Main, time deposit account	0,00	0,00	33.222,10	24,90,661
	<u>1.937.050,97</u>	<u>14,52,20,712</u>	<u>1.159.916,50</u>	<u>8,69,58,940</u>

The cash in bank accounts with Commerzbank AG, Frankfurt am Main, agree to the bank statements as of March 31, 2016.

##### C. Prepaid expenses

	2016/3/31	2016/3/31	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<u>11.451,67</u>	<u>8,58,532</u>	<u>12.958,14</u>	<u>9,71,472</u>

**SHAREHOLDER'S EQUITY AND LIABILITIES****A. Equity****I. Subscribed capital**

2016/3/31	2016/3/31	2015/3/31	2015/3/31
€	Rs.	€	Rs.
50.000,00	37,48,500	50.000,00	37,48,500

**II. Capital reserves**

2016/3/31	2016/3/31	2015/3/31	2015/3/31
€	Rs.	€	Rs.
425.000,00	3,18,62,250	425.000,00	3,18,62,250

**III. Profit carried forward**

2016/3/31	2016/3/31	2015/3/31	2015/3/31
€	Rs.	€	Rs.
1.173.982,66	8,80,13,480	595.796,16	4,46,66,838

**IV. Net profit**

2016/3/31	2016/3/31	2015/3/31	2015/3/31
€	Rs.	€	Rs.
1.147.444,56	8,60,23,919	578.186,50	4,33,46,642

**B. Provisions****1. Tax provisions**

2016/3/31	2016/3/31	2015/3/31	2015/3/31
€	Rs.	€	Rs.
440.319,13	3,30,10,725	211.754,16	1,58,75,209

**Content:**

Corporate income tax 13/14	-	-	24.316,17	18,22,983
Corporate income tax 14/15	50.495,20	37,85,625	72.427,61	54,29,898
Corporate income tax 15/16	189.590,54	1,42,13,603	-	-
	240.085,74	1,79,99,228	96.743,78	72,52,881
Solidarity surcharge 13/14	0,00	0,00	1.337,43	1,00,267
Solidarity surcharge 14/15	2.777,18	2,08,205	3.983,54	2,98,646
Solidarity surcharge 15/16	10.427,48	7,81,748	-	-
	13.204,66	9,89,953	5.320,97	3,98,913
Trade tax 12/13	-	-	19.403,30	14,54,665
Trade tax 13/14	-	-	21.556,30	16,16,076
Trade tax 14/15	50.506,70	37,86,487	64.145,95	48,09,022
Trade tax 15/16	136.522,03	1,02,35,057	-	-
	187.028,73	1,40,21,544	105.105,55	78,79,763
Deferred taxes 14/15	-	-	4.583,86	3,43,652
Deferred taxes 15/16	-	-	-	-
	-	-	4.583,86	4,583,86
	440.319,13	3,30,10,725	211.754,16	1,58,75,209

2. <u>Other provisions</u>	<b>2016/3/31</b>	<b>2016/3/31</b>	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<b>497.006,23</b>	<b>3,72,60,558</b>	140.453,00	1,05,29,762
<u>Content:</u>				
Outstanding invoices	<b>318.998,40</b>	<b>2,39,15,310</b>	15.834,00	11,87,075
Bonuses to employees	<b>69.572,00</b>	<b>52,15,813</b>	33.720,00	25,27,988
Travel expenses	<b>1.150,00</b>	<b>86,216</b>	25.979,00	1,947,646
Vacation not yet taken	<b>92.785,83</b>	<b>69,56,154</b>	50.570,00	37,91,233
Audit expenses	<b>9.000,00</b>	<b>6,74,730</b>	9.000,00	6,74,730
Legal/consultancy fees	<b>3.900,00</b>	<b>2,92,383</b>	2.800,00	2,09,916
Miscellaneous	<b>1.600,00</b>	<b>1,19,952</b>	2.550,00	1,91,174
	<b>497.006,23</b>	<b>3,72,60,558</b>	140.453,00	1,05,29,762
<b>C. <u>Liabilities</u></b>				
1. <u>Accounts payable, trade</u>	<b>2016/3/31</b>	<b>2016/3/31</b>	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<b>32.863,63</b>	<b>24,63,786</b>	11.939,55	8,95,108
2. <u>Liabilities due to shareholder</u>	<b>2016/3/31</b>	<b>2016/3/31</b>	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<b>528.064,66</b>	<b>3,95,89,008</b>	488.934,91	3,66,55,450
Bristlecone India Ltd., Mumbai, India: liabilities resulting from current operations.				
3. <u>Liabilities due to affiliated companies</u>	<b>2016/3/31</b>	<b>2016/3/31</b>	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<b>3.417,34</b>	<b>2,56,198</b>	0,00	0.00
4. <u>Other liabilities</u>	<b>2016/3/31</b>	<b>2016/3/31</b>	2015/3/31	2015/3/31
	€	Rs.	€	Rs.
	<b>21.915,64</b>	<b>16,43,014</b>	36.077,27	27,04,713
<u>Content:</u>				
Value-added tax	<b>17.621,54</b>	<b>13,21,086</b>	34.607,57	25,94,530
Other liabilities	<b>4.294,10</b>	<b>3,21,928</b>	0,00	0.00
Travel expenses	<b>0,00</b>	<b>0.00</b>	1.469,70	1,10,183
	<b>21.915,64</b>	<b>16,43,014</b>	36.077,27	27,04,713



**INCOME STATEMENT FOR THE PERIOD APRIL 1, 2015 THROUGH MARCH 31, 2016**

	2015/4/1- 2016/3/31 €	2015/4/1- 2016/3/31 Rs.	2014/4/1- 2015/3/31 €	2014/4/1- 2015/3/31 Rs.
<b>1. <u>Sales</u></b>				
Revenue offshore projects	11.096.311,03	83,18,90,438	5.464.895,11	40,97,03,186
Revenue other projects	555.187,67	4,16,22,420	343.999,96	2,57,89,677
Rebates	(97.540,00)	(73,12,576)	(35.465,00)	(26,58,810)
	<u>11.553.958,70</u>	<u>86,62,00,282</u>	<u>5.773.430,07</u>	<u>43,28,34,053</u>
<b>2. <u>Other operating income</u></b>				
Income from exchange gains	38.771,36	29,06,689	56.637,83	42,46,138
Non-cash payment for use of vehicles	1.078,49	80,854	-	-
Income from reversal of accruals	27.467,36	20,59,228	51.453,07	38,57,437
Miscellaneous	1.920,00	1,43,942	1.562,51	1,17,141
	<u>69.237,21</u>	<u>51,90,714</u>	<u>109.653,41</u>	<u>82,20,716</u>
<b>3. <u>Costs of purchased services</u></b>	<u>8.879.862,20</u>	<u>66,57,23,269</u>	<u>4.273.724,94</u>	<u>32,04,01,159</u>
<b>4. <u>Personnel expenses</u></b>				
a) Wages and salaries	730.063,79	5,47,32,882	527.006,33	3,95,09,665
b) Social security, pension and other benefit costs	46.253,58	34,67,631	20.340,54	15,24,930
	<u>776.317,37</u>	<u>5,82,00,513</u>	<u>547.346,87</u>	<u>4,10,34,595</u>
<b>5. <u>Depreciation on intangible assets, plant and equipment</u></b>	<u>3.869,00</u>	<u>2,90,059</u>	<u>2.448,00</u>	<u>1,83,527</u>
<b>6. <u>Other operating expenses</u></b>				
Exchange losses	100.700,68	75,49,530	5.033,71	3,77,377
Travel expenses	97.177,80	72,85,420	94.183,06	70,60,904
Automobile costs	5.927,43	4,44,379	-	-
Bad debt allowance	-	-	-	-
Communication expenses	46.239,46	34,66,572	44.562,17	33,40,826
Postage	760,06	56,982	449,57	33,704
	<u>250.805,43</u>	<u>1,88,02,883</u>	<u>144.228,51</u>	<u>1,08,12,811</u>

	2015/4/1- 2016/3/31 €	2015/4/1- 2016/3/31 Rs.	2014/4/1- 2015/3/31 €	2014/4/1- 2015/3/31 Rs.
	<b>250.805,43</b>	<b>1,88,02,883</b>	144.228,51	1,08,12,811
Fees for the preparation and audit of the financial statements	<b>20.000,00</b>	<b>14,99,400</b>	20.060,00	15,03,898
Accounting fees	<b>45.148,26</b>	<b>33,84,765</b>	33.733,24	25,28,981
Bank charges	<b>12.296,09</b>	<b>9,21,838</b>	8.722,30	6,53,911
Rent	<b>12.126,48</b>	<b>9,09,122</b>	12.126,48	9,09,122
Legal and consultancy fees	<b>28.440,38</b>	<b>21,32,175</b>	14.433,41	10,82,073
Representation and entertainment expenses	<b>9.467,03</b>	<b>7,09,743</b>	3.472,02	2,60,297
External services	<b>1.285,52</b>	<b>96,375</b>	47.112,95	35,32,058
Other costs for office space	<b>5.138,05</b>	<b>3,85,200</b>	4.632,84	3,47,324
Contributions and dues	<b>1.579,19</b>	<b>1,18,392</b>	2.950,95	2,21,233
Training costs	<b>3.200,00</b>	<b>2,39,904</b>	-	-
Repair and maintenance costs	<b>134,55</b>	<b>10,087</b>	-	-
Operating supplies	<b>96,00</b>	<b>7,197</b>	-	-
Office supplies	<b>288,89</b>	<b>21,658</b>	858,76	64,381
	<b>390.005,87</b>	<b>2,92,38,739</b>	292.331,46	2,19,16,089
<b>7. <u>Other interest and similar income</u></b>	<b>-</b>	<b>-</b>	5,44	408
<b>8. <u>Results from ordinary operations</u></b>	<b>1.573.141,47</b>	<b>11,79,38,416</b>	767.237,65	5,75,19,807
<b>9. <u>Taxes on income</u></b>	<b>425.696,91</b>	<b>3,19,14,497</b>	189.051,15	1,41,73,165
<b>10. <u>Net profit</u></b>	<b>1.147.444,56</b>	<b>8,60,23,919</b>	578.186,50	4,33,46,64

## DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

Your Directors are pleased to present their report together with the Audited Accounts of your Company for the period ended March 31, 2016.

	Year ended March 31, 2016 USD	Year ended March 31, 2016 INR	Year ended March 31, 2015 USD	Year ended March 31, 2015 INR
Revenues .....	38,947,149	2,584,143,336	35,350,612	2,345,513,106
Profit before tax .....	2,966,686	196,839,616	3,124,763	207,328,025
Profit after tax.....	7,550,671	500,987,021	2,989,763	198,370,775

### Review of Operations:

Revenues from Operations for the year ended March 31, 2016 was **\$38.95 m** (INR 2,584.14 m) as compared to **\$35.35 m** (INR 2,345.51 m) for the same period in the previous year. The recognition of deferred tax asset amounting to **\$ 4.72 m** (INR 319.90 m) had an impact in increased profits after tax during the current financial year. Profits after tax for the year ended March 31, 2016 was at **\$7.55 m** (INR 500.99 m) as compared to **\$ 2.99m** (INR 198.37 m) in the previous year.

### Resignation of Directors:

Mr. Ulhas Yargop and Mr. C. Krishnadas resigned as directors of the Company on March 31, 2016. The Board accepted their resignations and recorded its appreciation of the invaluable counsel rendered by Mr. Ulhas Yargop and Mr. C. Krishnadas during their tenure as Directors of the Company

### Outlook for the current year:

The Company expects an improvement in its revenues and profits in the coming financial year with the introduction of new service offerings and continued focus on controlling costs.

The Board acknowledges the continued support the Company receives from its employees and its holding company, Bristlecone Limited.

**Irfan Khan**

Chairman

Place: San Jose, CA, USA

Date: May 6, 2016

## INDEPENDENT AUDITOR'S REPORT

**Grant Thornton India LLP**  
(Formerly Grant Thornton India)  
401, Century Arcade  
Narangi Baug Road, Off Beat  
Club Road  
Pune 411001 India  
T +91 20 4105 7000  
F +91 20 4105 7099  
www.grantthornton.in

Board of Directors and Shareholders  
Bristlecone, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Bristlecone, Inc. (a California Corporation and wholly owned subsidiary of Bristlecone Limited), which comprise the balance sheets as of March 31, 2016 and 2015, and the statements of comprehensive income, changes in stockholders' equity and cash flows for each of the two years in the year ended March 31, 2016, and the related notes to the financial statements.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bristlecone, Inc. as of March 31, 2016 and 2015, and its financial performance and its cash flows for each of the two years in the year ended March 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

**Grant Thornton India LLP**

Place: Mumbai, India  
Date: May 6, 2016

## BALANCE SHEETS

Particulars	Notes	As at	As at	As at	As at
		March 31, 2016 US\$	March 31, 2016 INR (refer Note Q)	March 31, 2015 US\$	March 31, 2015 INR (refer Note Q)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents.....	B	7,077,997	469,625,101	3,417,240	226,733,874
Accounts receivable:					
– Due from related parties .....		17,008	1,128,481	–	–
– Others.....		5,077,098	336,865,452	5,523,434	366,479,846
Unbilled revenue					
– Due from related party .....		161,935	10,744,387	–	–
– Others.....		1,935,677	128,432,169	3,546,808	235,330,711
Other current assets:					
– Due from related party .....		4,550,718	301,940,139	3,873,349	256,996,706
– Others.....	D	606,692	40,254,014	1,203,194	79,831,922
<b>Total current assets</b> .....		<b>19,427,125</b>	<b>1,288,989,743</b>	<b>17,564,025</b>	<b>1,165,373,059</b>
<b>Non-current assets</b> .....					
Equipment and software, net.....	E	1,055,385	70,024,795	158,407	10,510,304
Deferred tax assets, net .....	H	4,723,529	313,406,149	–	–
Other assets.....		125,099	8,300,319	6,991	463,853
<b>Total non-current assets</b> .....		<b>5,904,013</b>	<b>391,731,263</b>	<b>165,398</b>	<b>10,974,157</b>
<b>Total assets</b> .....		<b>25,331,138</b>	<b>1,680,721,006</b>	<b>17,729,423</b>	<b>1,176,347,216</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable:					
– Due to related parties.....		475,339	31,538,743	1,801,541	119,532,245
– Others.....		306,547	20,339,393	506,441	33,602,360
Employee related liabilities.....		3,488,611	231,469,340	3,272,449	217,126,994
Accrued expenses and other current liabilities...	F	1,666,821	110,593,573	1,515,405	100,547,121
Short term borrowing .....	G	1,000,000	66,350,000	500,000	33,175,000
<b>Total current liabilities</b> .....		<b>6,937,318</b>	<b>460,291,049</b>	<b>7,595,836</b>	<b>503,983,720</b>
<b>Non-current liabilities</b>					
Obligation under capital leases .....		21,139	1,402,574	23,101	1,532,751
Deferred rent and lease incentive.....		534,935	35,492,937	–	–
<b>Total non-current liabilities</b> .....		<b>556,074</b>	<b>36,895,511</b>	<b>23,101</b>	<b>1,532,751</b>
<b>Total liabilities</b> .....		<b>7,493,392</b>	<b>497,186,560</b>	<b>7,618,937</b>	<b>505,516,471</b>
<b>Stockholders' equity</b>					
Series A Preferred stock, no par value.....		774,518	51,389,269	774,518	51,389,269
Series B Preferred stock, no par value .....		5,939,606	394,092,858	5,939,606	394,092,858
Common stock, no par value .....		136,664	9,067,656	136,664	9,067,656
Additional paid-in capital .....		17,784,920	1,180,029,442	17,608,331	1,168,312,762
Accumulated deficit .....		(6,797,962)	(451,044,779)	(14,348,633)	(952,031,800)
<b>Total stockholders' equity</b> .....		<b>17,837,746</b>	<b>1,183,534,446</b>	<b>10,110,486</b>	<b>670,830,745</b>
<b>Total liabilities and stockholders' equity</b> .....		<b>25,331,138</b>	<b>1,680,721,006</b>	<b>17,729,423</b>	<b>1,176,347,216</b>

(The accompanying notes are an integral part of these financial statements)

**STATEMENTS OF COMPREHENSIVE INCOME**

Particulars	Notes	Year ended	Year ended	Year ended	Year ended
		March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
		<u>US\$</u>	<u>INR</u>	<u>US\$</u>	<u>INR</u>
			(refer Note Q)		(refer Note Q)
<b>Revenues</b> .....		<b>38,947,149</b>	<b>2,584,143,336</b>	35,350,612	2,345,513,106
<b>Operating expenses</b>					
Cost of revenues .....		<b>26,688,651</b>	<b>1,770,791,994</b>	23,214,548	1,540,285,260
Selling, general and administrative expenses.....		<b>8,986,279</b>	<b>596,239,612</b>	8,777,530	582,389,115
Depreciation and amortization .....		<b>265,262</b>	<b>17,600,134</b>	205,225	13,616,679
<b>Total operating expenses</b> .....		<b>35,940,192</b>	<b>2,384,631,740</b>	32,197,303	2,136,291,054
<b>Operating Profit</b> .....		<b>3,006,957</b>	<b>199,511,597</b>	3,153,309	209,222,052
Interest expense .....		<b>(40,271)</b>	<b>(2,671,981)</b>	(28,546)	(1,894,027)
<b>Net profit before tax</b> .....		<b>2,966,686</b>	<b>196,839,616</b>	3,124,763	207,328,025
<b>Income tax expenses</b>	H				
Current tax .....		<b>(139,544)</b>	<b>(9,258,744)</b>	(135,000)	(8,957,250)
Deferred tax .....		<b>4,723,529</b>	<b>313,406,149</b>	–	–
<b>Profit for the year and total comprehensive income</b> .....		<b>7,550,671</b>	<b>500,987,021</b>	2,989,763	198,370,775

*(The accompanying notes are an integral part of these financial statements)*

## STATEMENTS OF CASH FLOWS

Particulars	Year ended	Year ended	Year ended	Year ended
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
	US\$	INR	US\$	INR
		(refer Note Q)		(refer Note Q)
<b>Cash flow from operating activities</b>				
Net profit .....	7,550,671	500,987,021	2,989,763	198,370,775
<b>Adjustments to reconcile net profit to net cash from/</b>				
<b>(used in) operating activities</b>				
Depreciation and amortization .....	265,262	17,600,134	205,225	13,616,679
Deferred tax benefit .....	(4,723,529)	(313,406,149)	–	–
Loss on disposal of Equipment and Software .....	5,976	396,508	1,610	106,824
Unrealised exchange gain, net .....	(30)	(1,991)	(6,659)	(441,825)
Bad debts.....	179,213	11,890,783	–	–
Stock compensation expense.....	176,589	11,716,680	7,081	469,824
<b>Changes in assets and liabilities</b>				
Accounts receivable and unbilled revenue .....	1,699,342	112,751,342	(2,034,686)	(135,001,416)
Other current assets, related parties .....	(677,369)	(44,943,433)	(486,039)	(32,248,688)
Other current assets and other assets .....	478,392	31,741,309	(284,392)	(18,869,409)
Accounts payable, related parties .....	(1,326,202)	(87,993,503)	(1,112,216)	(73,795,532)
Accounts payable .....	(199,894)	(13,262,967)	(569,648)	(37,796,144)
Other liabilities .....	963,264	63,912,565	1,138,124	75,514,527
<b>Net cash provided by/(used in) operating activities....</b>	<b>4,391,685</b>	<b>291,388,299</b>	<b>(151,837)</b>	<b>(10,074,385)</b>
<b>Cash flow from investing activities</b>				
Purchase of property, equipment and software.....	(1,126,081)	(74,715,474)	(27,304)	(1,811,620)
Sale of property and equipment.....	300	19,905	2,653	176,027
<b>Net cash used in investing activities .....</b>	<b>(1,125,781)</b>	<b>(74,695,569)</b>	<b>(24,651)</b>	<b>(1,635,594)</b>
<b>Cash flow from financing activities</b>				
Repayment of term loan.....	500,000	33,175,000	–	–
Repayment of term loan.....	–	–	(500,000)	(33,175,000)
Finance lease payments .....	(105,147)	(6,976,503)	(152,914)	(10,145,844)
<b>Net cash provided by/(used in) financing activities ....</b>	<b>394,853</b>	<b>26,198,497</b>	<b>(652,914)</b>	<b>(43,320,844)</b>
Net Increase/(decrease) in cash and cash equivalents....	3,660,757	242,891,227	(829,402)	(55,030,823)
<b>Cash and cash equivalents at the beginning of the year....</b>	<b>3,417,240</b>	<b>226,733,874</b>	<b>4,246,642</b>	<b>281,764,697</b>
<b>Cash and cash equivalents at the end of the year.....</b>	<b>7,077,997</b>	<b>469,625,101</b>	<b>3,417,240</b>	<b>226,733,874</b>
<b>Supplemental cash flow information</b>				
Interest paid .....	39,674	2,632,344	28,546	1,894,014
Income taxes paid .....	202,675	13,447,486	90,145	5,981,151
Assets acquired under capital lease.....	42,436	2,815,622	20,771	1,378,147

(The accompanying notes are an integral part of these financial statements)

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Amounts in US\$

Particulars	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as at April 1, 2014	4,494,500	–	3,615,535	6,714,124	30,000,000	–	8,492,157	136,664	17,601,250	(17,338,396)	7,113,642
Stock based compensation expense	–	–	–	–	–	–	–	–	7,081	–	7,081
Profit for the year	–	–	–	–	–	–	–	–	–	2,989,763	2,989,763
Balance as at March 31, 2015	4,494,500	–	3,615,535	6,714,124	30,000,000	–	8,492,157	136,664	17,608,331	(14,348,633)	10,110,486
Stock based compensation expense	–	–	–	–	–	–	–	–	176,589	–	176,589
Profit for the year	–	–	–	–	–	–	–	–	–	7,550,671	7,550,671
Balance as at March 31, 2016	4,494,500	–	3,615,535	6,714,124	30,000,000	–	8,492,157	136,664	17,784,920	(6,797,962)	17,837,746

Amounts in INR (Refer Note Q)

Particulars	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as at April 1, 2014	4,494,500	–	3,615,535	445,482,127	30,000,000	–	8,492,157	9,067,656	1,167,842,938	(1,150,402,575)	471,990,146
Stock based compensation expense	–	–	–	–	–	–	–	–	469,824	–	469,824
Profit for the year	–	–	–	–	–	–	–	–	–	198,370,775	198,370,775
Balance as at March 31, 2015	4,494,500	–	3,615,535	445,482,127	30,000,000	–	8,492,157	9,067,656	1,168,312,762	(952,031,800)	670,830,745
Stock based compensation expense	–	–	–	–	–	–	–	–	11,716,680	–	11,716,680
Profit for the year	–	–	–	–	–	–	–	–	–	500,987,021	500,987,021
Balance as at March 31, 2016	4,494,500	–	3,615,535	445,482,127	30,000,000	–	8,492,157	9,067,656	1,180,029,442	(451,044,779)	1,183,534,446

(The accompanying notes are an integral part of these financial statements)



## NOTES TO FINANCIAL STATEMENTS

### NOTE A - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. NATURE OF OPERATIONS

Bristlecone, Inc. (the "Company") is engaged in providing technology solutions and consulting services, with operations and customers primarily in the United States of America (the 'US' or 'USA'). The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors.

#### 2. GENERAL INFORMATION

The Company was incorporated under the laws of the State of California in 1998. In May 2004, the Company became a wholly-owned subsidiary of Bristlecone Limited, a Cayman Island Company. The Company's then stockholders and stock option holders, in exchange for their stock interest in Bristlecone, Inc., received cash, common stock, preferred stock, warrants and common stock options of Bristlecone Limited. Mahindra & Mahindra Limited, an Indian Company is the Company's ultimate parent.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

##### 3.1 OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

These financial statements have been presented in United States Dollars ('US\$'), which is the functional and reporting currency of the Company.

##### 3.2 USE OF ESTIMATES

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for allowance for uncollectible amounts, useful lives of assets, efforts to completion for fixed price projects and realization of deferred tax assets, provision for variable pay represent certain of these particularly sensitive estimates.

##### 3.3 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recorded in the statement of comprehensive income.

##### 3.4 CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises balance held with banks.

##### 3.5 ACCOUNTS RECEIVABLE

Accounts receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported in the balance sheets at outstanding amount less any charge-offs and the allowance for doubtful accounts. The Company performs ongoing credit evaluations of

its customers, and generally extends credit without requiring collateral. The Company maintains an allowance for doubtful accounts based on management's expectations of future losses, which is determined based on historical experience and current economic environment.

Accounts are charged to bad debt expense when they are deemed uncollectible based upon management's periodic review of the accounts.

#### 3.6 EQUIPMENT AND SOFTWARE

Equipment and software are stated at historical cost less accumulated depreciation and amortization.

Assets under capital lease obligations are recorded at lower of the present value of the minimum lease payments or the fair market value of the leased asset, at the inception of the lease.

Depreciation/amortization is calculated on the straight-line method over the estimated useful life of the respective assets. Assets under capital leases and leasehold improvements are amortized over lower of their estimated useful lives and the term of the lease.

The Company has determined the estimated useful lives of assets for depreciation/amortization purposes as follows:

Computer	3 – 5 years
Furniture and fixtures	5 – 7 years
Office equipment	3 – 5 years
Software	3 years
Leased furniture and fixtures	6 years
Leased computers	3 years
Leased office equipment	3 years
Leasehold improvements	Over the shorter of primary lease period and the useful life of the asset

Expenditure for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation are eliminated from the financial records. Any gain or loss on disposal is credited or charged to the statement of comprehensive income.

#### 3.7. IMPAIRMENT OF LONG LIVED ASSETS

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured at the amount by which the carrying value of the assets exceeds its fair value. Management has performed its impairment review and concludes that the Company's long lived assets are not impaired as of March 31, 2016.

#### 3.8 REVENUE RECOGNITION

Revenue is recognized when the provision of services is complete and there are either no unfulfilled obligations on the Company or any obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the services including the satisfaction of the following criteria: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fee is fixed and determinable; and (iv) collectability is reasonably assured.

##### Revenue from Services

Revenues with respect to time and material contracts are recognized as related costs are incurred and services are performed in accordance with the terms of the specific contracts.

Revenues from fixed-price contracts are recognized in accordance with percentage of completion method measured by the percentage of man-days incurred to date in relation to the estimated total man-days for each of such contracts. This method is used because the management considers man-days to be the best available measure of progress on these contracts. Provisions for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates.

Amounts included in the financial statements, which relate to recoverable costs and accrued margins, if any, not yet billed on contracts are classified as "Unbilled revenue". Billings on uncompleted contracts in excess of accrued cost and accrued margins, if any, are classified as "Unearned revenue".

#### Revenue from Multiple element arrangements

The Company also derives revenues from projects involving multiple-element revenue arrangements, which may include any combination of services, software, hardware and/or financing. The revenue from such projects is accounted for in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standard Codification ("ASC") 605-25, "Multiple-Element Arrangements." To the extent that a deliverable in a multiple-element arrangement is subject to specific guidance, such as software which is subject to ASC 985-605, "Software: Revenue recognition" on whether and/or how to separate multiple deliverable arrangements into separate units of accounting (separability) and how to allocate the arrangement consideration among those separate units of accounting (allocation), that deliverable is accounted for in accordance with such specific guidance. For all other deliverables in multiple-element arrangements, the separability and allocation is assessed on the basis of principles enumerated in ASC 605-25.

#### Revenue from Hosting arrangements

Hosting arrangements entered into by the Company typically do not have a software element. After the arrangement consideration has been allocated to each unit of accounting, the Company applies the appropriate revenue recognition method for each unit based on the nature of the arrangement and the services included in each unit of accounting. All deliverables that do not meet the separation criteria of ASC 605-25 are combined into one unit of accounting and the most appropriate revenue recognition method is applied. The Company has adopted a policy of combining the setup fee and related services together and recognizing them over the contractual life.

#### Revenue from Gross versus Net

The Company evaluates the criteria outlined in ASC 605-45, "Principal Agent Considerations", in determining whether it is appropriate to record the gross amount of software consulting revenues and related costs or the net amount of consultancy charges earned as a sub-contractor. In contracts with customers, the Company is not the primary obligor and hence does not take contractual risk and the amounts earned as consultancy charges are based on a fixed rate. Accordingly, the Company does not reflect the revenues or the cost of sales for acting as the flow-through entity for providing these services, and instead presents these amounts on a net basis. During the years ended March 31, 2016 and March 31, 2015, the Company has not entered into any such transactions that will require recognition of revenue on net basis in accordance with ASC 605-45 "Principal Agent Considerations".

#### Reimbursements

In accordance with ASC 605-45, "Principal Agent Considerations", the Company has accounted for reimbursements received for out of pocket expenses incurred, on a gross basis in the statements of comprehensive income. The Company typically incurs travel related costs that are billed to and reimbursed by customers. Accordingly, revenues include reimbursements of out-of-pocket expenses amounting to US\$ 2,626,232 (INR 174,250,520) [2015: US\$ 1,654,404 (INR 109,769,705)].

### 3.9 COST OF REVENUES

Cost of revenues comprises salaries and employee benefits, stock compensation expense, sub-contractor fees, off-shore consultancy charges, project related travel and other costs, including those reimbursed by customers.

### 3.10 EMPLOYEE BENEFITS

Contributions to defined contribution plans are charged to statements of comprehensive income in the year in which they accrue.

The Company's liability towards compensated absences is determined on an arithmetical basis for the entire unavailed vacation balance standing to the credit of each employee as at year-end.

The Company has a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a

portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board and expense is recorded in the year to which such contributions pertain.

### 3.11 STOCK COMPENSATION

The employees of the Company participate in various stock compensation plans which are operated by the Holding Company, based on which the employees of the Company have been granted stock options of the Holding Company. The Company accounts for stock compensation in accordance with ASC 718, "Stock Compensation".

The Company applies the same accounting principles as the Holding Company for recording stock compensation in respect of stock of the Holding Company granted to employees of the Company for the purposes of reporting in the separate financial statements of the Company. An amount equal to such compensation expense for the year is recorded as a capital contribution in stockholders' equity in the separate financial statements of the Company.

The Company accounts for the equity-settled options granted to its employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock based compensation transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for all awards granted, modified or settled, that the Company expects to vest is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award.

ASC 718 requires the use of a valuation model to calculate the fair value of stock-based awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock-based awards on the date of grant.

### 3.12 INCOME TAXES

The Company applies the asset and liability method of accounting for income taxes as described in ASC 740, "Income Taxes". Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recognized to reduce the deferred tax assets to an amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers estimates of future taxable income and the effect of temporary differences.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in this update simplify the presentation of deferred income taxes and require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments are effective for financial statements issued for annual periods beginning after December 15, 2017. Early adoption is allowed for any annual financial statements that have not been issued. The Company has elected to early adopt this ASU for the year ended March 31, 2016 on a retrospective basis. The early adoption of this ASU did not have a material effect on the financial statements.

Further, ASC 740-10 requires the Company to recognize a provision for uncertainty in income taxes based on minimum recognition threshold. The Company applies a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will be more likely than not sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement.

**3.13 LEASES**

The Company classifies all leases at the inception date as either a capital lease or an operating lease. Lease of assets under which there is transfer of substantially the entire risk and rewards incident to ownership as per ASC 840 "Leases" are classified as capital leases, otherwise all leases are classified as operating lease.

Assets under capital leases are capitalized and lease payments are appropriated towards the lease obligation and interest on the obligation amount.

Lease rental expenses on operating leases are charged to expense over the lease term as they become payable. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rental expense for these leases is recognized on a straight-line basis over the primary lease term.

**NOTE B - CASH AND CASH EQUIVALENTS**

Cash and cash equivalent comprises of:

	As at March 31, 2016 US\$	As at March 31, 2016 INR (refer Note Q)	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)
Balance in checking and money market accounts	<b>7,077,997</b>	<b>469,625,101</b>	<b>3,417,240</b>	<b>226,733,874</b>

Cash balances of the Company are held in checking accounts, which are non-interest bearing, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2016, all non-interest-bearing transaction accounts are guaranteed by the FDIC for US\$ 250,000 per tax ID for State Bank of India, California and for entire amount for Silicon Valley Bank.

As at March 31, 2016, the Company has US\$ 5,285,951 (INR 350,722,849) [2015 US\$ 2,700,477 (INR 179,176,649)] as balances in excess of the federally insured amounts.

**NOTE C - PROVISION FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE**

The allowance for uncollectible amounts reflected the following activity during the year:

	As at March 31, 2016 US\$	As at March 31, 2016 INR (refer Note Q)	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)
Balance at the beginning of the year	<b>6,793</b>	<b>450,716</b>	6,793	450,716
Add: Allowance created during the year	<b>162,650</b>	<b>10,791,827</b>	-	-
Less: Written off during the year	<b>(169,443)</b>	<b>(11,242,543)</b>	-	-
Balance at the end of the year	<b>-</b>	<b>-</b>	6,793	450,716

**NOTE D - OTHER CURRENT ASSETS**

Other current assets comprises of the following:

	As at March 31, 2016 US\$	As at March 31, 2016 INR (refer Note Q)	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)
Prepaid expenses	<b>218,758</b>	<b>14,514,593</b>	517,410	34,330,154
Taxes paid	<b>218,124</b>	<b>14,472,527</b>	218,112	14,471,731
Others	<b>169,810</b>	<b>11,266,894</b>	467,672	31,030,037
	<b>606,692</b>	<b>40,254,014</b>	1,203,194	79,831,922

**NOTE E - EQUIPMENT AND SOFTWARE, NET**

Property, equipment and software consists of the following:

	As at March 31, 2016 US\$	As at March 31, 2016 INR (refer Note Q)	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)
Computers	<b>273,884</b>	<b>18,172,203</b>	216,761	14,382,092
Furniture and fixtures	<b>237,805</b>	<b>15,778,362</b>	47,385	3,143,995
Office equipments	<b>16,080</b>	<b>1,066,908</b>	7,809	518,127
Software	<b>56,812</b>	<b>3,769,476</b>	56,812	3,769,476
Lease hold improvements	<b>813,981</b>	<b>54,007,639</b>	42,651	2,829,894
Capital Lease - Computers	<b>266,945</b>	<b>17,711,801</b>	458,493	30,421,011
Capital Lease - Furniture and fixtures	<b>23,534</b>	<b>1,561,481</b>	34,439	2,285,028
Capital Lease - Office Equipments	<b>278,801</b>	<b>18,498,446</b>	278,803	18,498,579
	<b>1,967,842</b>	<b>130,566,316</b>	1,143,153	75,848,202
Less: Accumulated depreciation and amortization	<b>(912,457)</b>	<b>(60,541,521)</b>	(984,746)	(65,337,898)
	<b>1,055,385</b>	<b>70,024,795</b>	158,407	10,510,304

Depreciation and amortization expense for the year ended March 31, 2016 was US\$ 265,262 (INR 17,600,134) and March 31, 2015 was US\$ 205,225 (INR 13,616,679).

**NOTE F - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities comprises of the following:

	As at March 31, 2016 US\$	As at March 31, 2016 INR (refer Note Q)	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)
Unearned revenue	<b>733,167</b>	<b>48,645,630</b>	952,820	63,219,607
Provision for tax	<b>165,732</b>	<b>10,996,318</b>	228,851	15,184,264
Other accruals	<b>617,489</b>	<b>40,970,395</b>	228,364	15,151,951
Obligations under capital lease	<b>37,263</b>	<b>2,472,400</b>	98,012	6,503,096
Deferred rent and lease incentive	<b>113,170</b>	<b>7,508,830</b>	7,358	488,203
	<b>1,666,821</b>	<b>110,593,573</b>	1,515,405	100,547,121

**NOTE G - SHORT TERM BORROWING**

Short term borrowing comprises of the following:

	As at March 31, 2016 US\$	As at March 31, 2016 INR (refer Note Q)	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)
Line of credit	<b>1,000,000</b>	<b>66,350,000</b>	500,000	33,175,000
	<b>1,000,000</b>	<b>66,350,000</b>	500,000	33,175,000

The Company has a revolving line of credit amounting to US\$ 1,500,000 (INR 99,525,000) from State Bank of India (California) which is due for renewal in one year from the last renewal date i.e. February 18, 2016. The terms of the Line of Credit provide a ceiling for the total limit at the lower of US\$ 1,500,000 or aggregate of eligible receivables. It bears an interest rate of 4.50%, which is 100 basis points above WSJ Prime with a floor rate of 3.50% p.a. [WSJ Prime as at March 31, 2016] and also carried a commitment charge of 0.25% on the unutilized portion of the facility, if the unutilized portion exceeds 60% during any month up till February 17, 2016.

As of March 31, 2016, the Company has drawn US\$ 1,000,000 (INR 66,350,000) [2015: US\$ 500,000 (INR 33,175,000)] against the said line of credit.

The line of credit is secured by a charge on the current assets of the Company and requires the bank's approval, prior to distribution of dividends during any year, in excess of 50 % of the net income for the year. The agreement does not contain any financial covenants.

The remaining availability on the line of credit was US\$ 500,000 (INR 33,175,000) as at March 31, 2016 and US\$ 1,000,000 (INR 66,350,000) as at March 31, 2015.

Interest expense for the year ended March 31, 2016 towards the line of credit was US\$ 39,674 (INR 2,632,370) [2015: US\$26,503 (INR 1,758,474)].

#### NOTE H - INCOME TAXES

Income tax expense for the year comprises of the following:

	Year ended March 31, 2016 US\$	Year ended March 31, 2016 INR (refer Note Q)	Year ended March 31, 2015 US\$	Year ended March 31, 2015 INR (refer Note Q)
Current tax	(139,544)	(9,258,744)	(135,000)	(8,957,250)
Deferred tax credit	4,723,529	313,406,149	-	-
	4,583,985	304,147,405	(135,000)	(8,957,250)

The difference between the amount of income tax expense that would result from applying domestic federal statutory income tax rates to the net profit and the net deferred tax assets is related to certain nondeductible expenses, state income taxes and the change in the valuation allowance. Permanent differences are primarily on account of non-deductible meals and entertainment expenses. During the year, the Company utilised carry forward Net Operating Losses (NOL) of US\$ 3,097,278 (INR 205,504,395).

Following is the summary of deferred tax assets and liabilities:

	As at March 31, 2016 US\$	As at March 31, 2016 INR (refer Note Q)	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)
Deferred tax assets				
Net operating loss carry forwards	4,274,527	283,614,866	5,610,444	372,252,959
Accrued payroll	1,382,968	91,759,927	1,221,846	81,069,482
Others	2,717	180,273	2,717	180,273
Sub-total	5,660,212	375,555,066	6,835,007	453,502,714
Valuation allowance	(838,739)	(55,650,333)	(6,823,250)	(452,722,638)
Total deferred tax asset	4,821,473	319,904,733	11,757	780,076
Deferred tax liability				
Property, equipment and software	(97,944)	(6,498,584)	(11,757)	(780,076)
Net deferred tax asset	4,723,529	313,406,149	-	-

As at March 31, 2016, the Company had US\$ 10,686,318 (INR 709,037,199) [2015: US\$ 14,026,111 (INR 930,632,465)] in US Federal Net Operating Loss ("NOL") carryovers, which can be carried forward for future utilization within 20 years from the year in which such losses are generated subject to certain limitations under US tax laws.

As at March 31, 2016, the Company also had US\$ 9,763,922 (INR 647,836,225) [2015: US\$ 13,778,034 (INR 914,172,556)] in State Operating Losses carried forward, which can be carried forward for future utilization within 5-17 years.

Additionally, the Company has federal and state tax credit carry forwards of approximately US\$ 254,583 (INR16,891,582) and US\$ 149,858 (INR 9,943,078) [2015: US\$ 254,583 (INR16,891,582) and US\$ 149,858 (INR 9,943,078)]. The federal tax credit carry forward expire beginning in 2023 and state tax credit carry forward have no expiration.

The carry forward of the NOLs prior to the date of change of ownership will be impacted by Sec 382 limitation under the International Revenue Code. In terms of this limitation, while the carry forward of any of the NOL's will not be restricted, there will be a limitation on the annual amounts available for set-off

under the Code, (currently computed as the value of Bristlecone Inc. prior to the Transaction \* 4.45%).

During the year ended March 31, 2016, the Company has reversed valuation allowances of US\$ 3,535,511 (INR 234,581,155) [2015: US\$ Nil (INR Nil)] considering consistent profitability earned for more than three years as at the Balance Sheet date. During the year, the net change in valuation allowances is US\$ 5,984,511 (INR 397,072,305) [2015: US\$ 1,311,626 (INR 87,026,385)]. In evaluating the Company's ability to recover deferred tax assets, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, Company's future plans and results of recent operations. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income. Using all available evidence, the Company determined that it was uncertain that it will realize the deferred tax asset for certain of these carryforwards within the carryforward period.

No statutes have been extended on any of the Company's federal income tax filings. The statute of limitation on the Company's March 2013, March 2014 and March 2015 Federal income tax returns will expire on December 15, 2016, December 15, 2017 and December 15, 2018, respectively.

The Company is currently not under examination by any state authority for income tax purposes and no statutes of limitation for state income tax filings have been extended.

As of March 31, 2016, the Company does not have any uncertain tax position in respect of unrecognized tax positions as per ASC 740-10.

#### NOTE I - STOCKHOLDERS' EQUITY

The Company's authorized stock comprised of 4,494,500 preferred stock at no par value and 30,000,000 common stock at no par value as at March 31, 2016 and March 31, 2015; of which 865,540 preferred stock Series A, 2,749,995 preferred stock series B and 8,492,157 common stock were issued and outstanding as at March 31, 2016 and March 31, 2015.

##### Conversion of preferred stock

Each preferred stock series A and preferred stock series B is entitled to be converted, without payment of any additional consideration, into one fully paid common stock.

##### Voting

Every holder of preferred stock series A and preferred stock series B is entitled to one vote for each common stock held into which such Series A or Series B preferred stock could be converted.

##### Liquidation

In the event of a liquidation, dissolution or winding up of the Company:

- holders of Preferred Stock series A and Preferred Stock series B, shall on a pari passu basis, in preference to any distribution to holders of Common Stock receive an amount per stock equal to (i) US\$ 0.94 for each outstanding stock of preferred stock Series A and (ii) US\$ 2.21 for each outstanding stock of preferred stock Series B subject to appropriate adjustments for stock splits, stock dividends, combinations or recapitalization etc. If upon the occurrence of such event, the assets available for distribution shall be insufficient to permit the payment of the full aforesaid preferential amounts, then the available funds shall be distributed rateably in proportion to the preferential amount each such holder is otherwise entitled to receive pursuant to this clause.
- Upon the completion of distribution required by clause (a) above, the remaining assets available for distribution shall be distributed among the holders of Series A Preferred Stock, Series B Preferred Stock and Common Stock pro rata based on the number of stocks of Common Stock held by each, provided that the Common Stock holders shall not receive any distribution unless the Series A Preferred Stock holders have received an aggregate of US\$ 0.47 per stock and the Series B Preferred Stock holders have received an aggregate of US\$ 1.11 per stock (not including amounts paid pursuant to clause (a) above)

#### NOTE J - EMPLOYEE BENEFIT PLANS

Accrual for compensated absences at current employee compensation rates as at March 31, 2016 is US\$ 793,310 (INR 52,636,148) [2015: US\$ 745,734 (INR 49,479,451)].

The Company in the current year made a contribution of US\$ 151,580 (INR 10,057,333) to 401(k) plan. The Company did not make any contribution to the 401(k) plan in the previous year.

#### NOTE K - STOCK COMPENSATION

Bristlecone Limited, the Holding Company has three Stock Option Plans under which the options are granted to the employees of the Company:

1. Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:

Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limited under 2004 stock option plan based on the exchange criteria set out in the transaction documents.

Features of these plans are as under:

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

2. Bristlecone Limited Amended and Restated 2004 Stock Option Plan:

Options granted under this plan include incentive stock options and non-statutory stock options. As per this plan, 25 cent of the Stocks subject to the Option vest on the completion of 12 calendar months from the vesting commencement date, and no vesting shall occur prior to the completion of such period of 12 months. Subsequently, 6.25 per cent of the options vest on the completion of each 3 month period thereafter until full vesting is completed, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Stock as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Stock determined by the Board on the date of grant.

The following table summarizes information about the options issued under different Plans:

	Options outstanding Year ended March 31, 2016	Weighted average exercise price March 31, 2016	Options outstanding Year ended March 31, 2015	Weighted average exercise price March 31, 2015
<b>Stock Option 2008 Plan</b>				
Outstanding at April 1	952,137	US\$0.10	1,242,375	US\$ 0.10
Granted	747,500	US\$0.77	65,000	US\$ 0.10
Exercised	214,593	US\$0.13	187,497	US\$ 0.10
Expired/Forfeited	50,574	US\$0.43	167,741	US\$ 0.10
<b>Outstanding at March 31</b>	<b>1,434,470</b>		<b>952,137</b>	

	Options outstanding Year ended March 31, 2016	Weighted average exercise price March 31, 2016	Options outstanding Year ended March 31, 2015	Weighted average exercise price March 31, 2015
<b>Stock Option 2004 Plan Amended Plan</b>				
Outstanding at April 1	35,350	US\$ 0.10	233,200	US\$ 0.10
Granted	-	-	-	-
Exercised	-	-	165,000	US\$ 0.10
Expired/Forfeited	-	-	32,850	US\$ 0.10
<b>Outstanding at March 31</b>	<b>35,350</b>		<b>35,350</b>	

#### Additional information on outstanding options

Exercise price range for the options outstanding is given below:

Exercise Price (US\$)	No of options outstanding	
	March 31, 2016	March 31, 2015
US\$ 0.10	757,320	987,487
US\$ 0.77	712,500	-

Options outstanding that have vested and are expected to vest are as follows:

	March 31, 2016			March 31, 2015		
	Outstanding options	Weighted average exercise price in US\$	Weighted average remaining contract term (in years)	Outstanding options	Weighted average exercise price in US\$	Weighted average remaining contract term (in years)
<b>Stock Option 2008 Plan</b>						
Vested	836,565	0.25	6.03	752,533	0.10	5.94
Expected to vest	597,905	0.69	8.90	199,604	0.10	7.98
<b>Stock Option 2004 Plan Amended Plan</b>						
Vested	35,350	0.10	0.69	35,350	0.10	1.69

Stock based compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Year ended March 31, 2016	Year ended March 31, 2015
Dividend yield	0 percent	0 percent
Expected life	6.25 years	7.31 years
Risk free interest rate	1.78 percent	2.34 percent
Volatility	45.00 percent	35.00 percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

The Company has recognized stock compensation expense of US\$176,589 (INR 11,716,680) [2015: US\$ 7,081 (INR 469,824)] for the year ended March 31, 2016.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2016 was approximately US\$519,355 (INR 34,459,204) [2015: US\$ 38,384 (INR 2,546,778)] and is expected to be recognized over a weighted average period of 2.78 years.

The aggregate fair value of all options granted during the year is US\$ 672,972 (INR 44,651,692) and weighted average grant date fair value per option that vested during the year is US\$ 0.59 (INR 39).

There have been no modifications or cancellations of these plans during the current or preceding year.

#### NOTE L - CONTINGENCIES

The Company evaluates contingencies as per its assessments of probable, reasonably possible and remote, as per ASC 450 "Contingencies". It is subject to legal claims in the normal course of business. However, based on its evaluation, management believes that there are no claims or contingencies, potential outcomes of which could be material to the financial condition or results of operations of the Company.

**NOTE M - OPERATING LEASES**

The Company uses office space under operating lease expiring through the financial year 2020-21 which contains an annual rent escalation clause. The rental expense on this lease is recognized on a straight line basis. Total rent expense was US\$353,585 (INR 23,460,365) [2015: US\$ 285,462 (INR 18,940,404)] for the year ended March 31, 2016.

Future minimum lease payments under capital leases and operating leases consisted of the following as of March 31, 2016:

Year ending March 31	In US\$		In INR	
	Capital lease	Operating lease	Capital lease	Operating lease
2017	37,263	327,300	2,472,400	21,716,355
2018	17,487	451,062	1,160,262	29,927,964
2019	3,652	464,755	242,310	30,836,494
2020	-	478,449	-	31,745,091
2021	-	409,980	-	27,202,173
Total minimum payments	58,402	2,131,546	3,874,972	141,428,077
Amount representing interest	158		10,483	
Present value of minimum lease payment	<u>58,244</u>		<u>3,864,489</u>	

**2. Related Party Transactions and Balances:**

Nature of transaction	Name of related party	March 31, 2016		March 31, 2015	
		Amount (in USD)	Amount (in INR)	Amount (in USD)	Amount (in INR)
Reimbursement of expenses received	Bristlecone Ltd	683,810	45,370,794	649,325	43,082,714
Reimbursement of expenses paid	Bristlecone India Ltd	1,071,626	71,102,385	703,203	46,657,519
Reimbursement of expenses paid	Bristlecone Consulting Ltd	-	-	15,650	1,038,378
Reimbursement of expenses paid	Bristlecone International AG	-	-	87,328	5,794,213
Reimbursement of expenses paid	Bristlecone GmbH	29,688	1,969,799	-	-
Reimbursement of expenses received	Bristlecone GmbH	3,891	258,168	8,610	571,274
Reimbursement of expenses received	Bristlecone Consulting Ltd	-	-	500	33,175
Reimbursement of expenses received	Bristlecone International AG	24,872	1,650,257	72,687	4,822,782
Expenses paid	Bristlecone India Ltd	-	-	46,843	3,108,033
Subcontracting services received	Bristlecone India Ltd	9,084,092	602,729,504	7,973,784	529,060,568
Subcontracting services received	Bristlecone Consulting Ltd	-	-	47,711	3,165,625
Subcontracting services received	Bristlecone International AG	92,320	6,125,432	-	-
Subcontracting services received	Bristlecone GmbH	1,239,443	82,237,043	-	-
Amount Receivable as at year end	Mahindra & Mahindra Limited	-	-	7,366	488,734
Amount Receivable as at year end	Bristlecone Ltd	4,550,718	301,940,139	3,866,908	256,569,346
Amount payable as at year end	Bristlecone GmbH	3,448	228,775	-	-
Amount Payable as at year end	Bristlecone India Ltd	375,680	24,926,368	1,801,541	119,532,245
Amount Payable as at year end	Bristlecone International AG	79,203	5,255,119	-	-

Year ending March 31	In US\$		In INR	
	Capital lease	Operating lease	Capital lease	Operating lease
Obligation under capital leases				
Current	37,119		2,462,846	
Long term	21,125		1,401,643	
	<u>58,244</u>		<u>3,864,489</u>	

**NOTE N - RELATED PARTY TRANSACTIONS****1. List of related parties and their relationships (where there are transactions):**

Name of Related Party	Relationship
Mahindra & Mahindra	Ultimate Holding Company
Bristlecone Limited	Holding Company
Bristlecone India Limited	Fellow subsidiaries
Bristlecone Consulting Limited	Fellow subsidiaries
Bristlecone International AG	Fellow subsidiaries
Bristlecone GmbH	Fellow subsidiaries

**NOTE O - CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, trade receivables and bank deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Company's cash equivalents and bank deposits are invested with banks with high investment grade credit ratings.

Trade receivables (primarily denominated in US\$) are typically unsecured and are derived from revenues earned from large multinational customers. The Company monitors the credit worthiness of its customers to which it grants credit terms in the normal course of the business. In the current year, Company had 5 major customers. Revenues from these customers amounted to US\$ 17,511,955 (INR 1,161,918,234) or 44.96% of the total revenue. Revenue from 5 major customers in 2015 amounted to US\$ 21,012,405 (INR 1,394,173,083) or 59.44% of total revenue. Total accounts receivable from such customers are US\$ 1,447,575 (INR 96,046,601) [2015: US\$ 2,718,555 (INR 180,376,124)] at March 31, 2016 or 28.5% [2015: 50.3%] of total receivables.

During the year ended March 31, 2016, the sales in North America including Canada accounted for 97.14% of the total sales (2015: 98.80%).

**NOTE P - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amount of the Company's cash equivalents, accounts payable and accrued expenses approximated their fair values due to their short maturities. The carrying value of short term borrowings and lease obligations approximates fair value based upon the market interest rate available to the Company for debt with similar risk and maturities.

**NOTE Q - CONVENIENCE TRANSLATION**

For the convenience of the readers, the financial statements for the year ended March 31, 2016 along with comparatives for the year ended March 31, 2015 have been translated into Indian Rupees ("INR") at the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2016 of 1 US\$ = 66.35 INR. The convenience translation should not be construed as a representation that the US\$ amounts or the Indian Rupee amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or US\$, as the case may be, at this or at any other rate of exchange, or at all.

**NOTE R - SUBSEQUENT EVENTS**

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through May 6, 2016, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

**DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016**

The Directors are pleased to present their report together with the Audited Accounts of your Company for the year ended March 31, 2016.

	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2016</b>	Year ended March 31, 2015	Year ended March 31, 2015
	<b>CAD</b>	<b>INR</b>	CAD	INR
Total Income.....	-	-	53,751	2,739,151
Profit/(Loss) before tax .....	<b>(8,196)</b>	<b>(417,668)</b>	57,118	2,910,733
Profit/(Loss) after tax .....	<b>(6,273)</b>	<b>(319,672)</b>	41,785	2,129,364

**Review of Operations:**

Bristlecone Consulting Ltd., Canada was incorporated on June 1, 2010 under the laws of British Columbia, Canada. During the fiscal year under review, there were **no revenues** (INR Nil) for the Company as against revenues of CAD **0.054m** (INR 2.74m) for the year ended March 31, 2015. The Loss after tax for the year was at **(CAD 0.006m)** (INR 0.32m) as compared to a Profit after tax of **CAD 0.042m** (INR 2.13m) in the previous year.

The Board acknowledges the continued support the Company receives from its employees and its holding company, Bristlecone Limited.

**Irfan Khan**  
Director

**Outlook for the current year:**

The Company will pursue opportunities during the year which are expected to have a positive impact on the business.

Place : San Jose, California  
Date : 2<sup>nd</sup> May, 2016



## INDEPENDENT AUDITOR'S REPORT

### Grant Thornton LLP

11th Floor  
200 King Street West, Box 11  
Toronto, ON  
M5H 3T4

T + 1416 366-0100  
F + 1416 360-4949  
www.GrantThornton.ca

To The Shareholder of  
**Bristlecone Consulting Ltd.**

We have audited the accompanying financial statements of Bristlecone Consulting Ltd., which comprise the balance sheet as at March 31, 2016 and the statements of earnings and retained earnings and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bristlecone Consulting Ltd. as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

### Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Supplementary Information is presented for purposes of additional information and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Place: Toronto, Canada  
Date: May 2, 2016

Chartered Professional Accountants  
Licensed Public Accountants

**STATEMENTS OF EARNINGS AND RETAINED EARNINGS**

Year ended March 31

	2016	2016	2015	2015
	\$	INR	\$	INR
<b>Revenue</b> .....	<u>-</u>	<u>-</u>	<u>53,751</u>	<u>2,739,151</u>
<b>Expenses</b>				
Salaries .....	(1,000)	(50,960)	50,714	2,584,385
Office, Rent & Telephone .....	2,581	131,528	7,077	360,644
Foreign exchange gain .....	(14,195)	(723,377)	(78,570)	(4,003,927)
Professional fees .....	18,248	929,918	14,602	744,118
Bank charges .....	1,821	92,798	2,069	105,436
Amortization .....	741	37,761	741	37,761
	<u>8,196</u>	<u>417,668</u>	<u>(3,367)</u>	<u>(171,583)</u>
(Loss) Income before income taxes .....	(8,196)	(417,668)	57,118	2,910,734
Income taxes (recovery) expense (Note 5) .....	(1,923)	(97,996)	15,333	781,370
Net (Loss) income .....	<u>(6,273)</u>	<u>(319,672)</u>	<u>41,785</u>	<u>2,129,364</u>
Retained earnings, beginning of year .....	715,999	36,487,309	674,214	34,357,942
Net income .....	<u>(6,273)</u>	<u>(319,672)</u>	41,785	2,129,364
Retained earnings, end of year .....	<u>709,726</u>	<u>36,167,637</u>	<u>715,999</u>	<u>36,487,306</u>

**BALANCE SHEET**

As at March 31

	2016	2016	2015	2015
	\$	INR	\$	INR
<b>Assets</b>				
Current				
Cash.....	716,432	36,509,375	736,403	37,527,097
Income taxes recoverable.....	1,999	101,869	-	-
Prepays.....	150	7,644	150	7,644
	<u>718,581</u>	<u>36,618,888</u>	<u>736,553</u>	<u>37,534,741</u>
Capital assets (net of accumulated amortization of \$2,163 (INR 110,226)) ....	62	3,159	803	40,921
	<u>718,643</u>	<u>36,622,047</u>	<u>737,356</u>	<u>37,575,662</u>
<b>Liabilities</b>				
Current				
Payables and accruals (Note 3) .....	8,916	454,359	5,916	301,479
Income taxes payable .....	-	-	15,440	786,822
	<u>8,916</u>	<u>454,359</u>	<u>21,356</u>	<u>1,088,302</u>
<b>Shareholder's equity</b>				
Share capital (Note 4) .....	1	51	1	51
Retained earnings.....	709,726	36,167,637	715,999	36,487,309
	<u>709,727</u>	<u>36,167,688</u>	<u>716,000</u>	<u>36,487,360</u>
	<u>718,643</u>	<u>36,622,047</u>	<u>737,356</u>	<u>37,575,662</u>

**STATEMENT OF CASH FLOW**

Year ended March 31

	2016	2016	2015	2015
	\$	INR	\$	INR
Increase (decrease) in cash				
<b>Operating activities</b>				
Net income.....	(6,273)	(319,672)	41,785	2,129,364
Amortization.....	741	37,761	742	37,812
	<u>(5,532)</u>	<u>(281,911)</u>	<u>42,527</u>	<u>2,167,176</u>
Change in non-cash working capital				
Accounts receivable.....	-	-	128,925	6,570,018
Amounts due from related companies .....	-	-	41,255	2,102,355
Prepays .....	-	-	2,365	120,520
Payables and accruals.....	3,000	152,880	(21,900)	(1,116,024)
Income taxes payable.....	(17,439)	(888,691)	10,725	546,546
Amounts due to related companies.....	-	-	(625,726)	(31,886,997)
	<u>(19,971)</u>	<u>(1,017,722)</u>	<u>(421,829)</u>	<u>(21,496,406)</u>
Net increase in cash.....	<u>(19,971)</u>	<u>(1,017,722)</u>	<u>(421,829)</u>	<u>(21,496,406)</u>
Cash, beginning of year.....	<u>736,403</u>	<u>37,527,097</u>	<u>1,158,232</u>	<u>59,023,503</u>
Cash, end of year.....	<u><u>716,432</u></u>	<u><u>36,509,375</u></u>	<u><u>736,403</u></u>	<u><u>37,527,097</u></u>

## Notes to the Financial Statements March 31, 2016

### 1. Nature of operations

Bristlecone Consulting Ltd. ("the Company") is engaged in providing technology solutions and consulting services primarily with operations in North America. The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors. The Company was incorporated under the laws of Canada on June 1, 2010.

### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE").

#### Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

#### Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provisions of the financial instrument. Subsequently, all of the Company's financial instruments are measured at amortized cost.

With respect to financial assets, the Company recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

#### Cash

Cash includes cash on hand and balances with banks.

#### Capital assets

Rates and bases of amortization applied to write-off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Computer equipment 33%, straight-line

#### Revenue recognition

Revenue is recognized under the percentage of completion method, whereby work-in-process represents the net realizable value of unbilled professional time and related charges. Unbilled disbursements are recorded at cost and included in work-in-process. Revenue is recognized as services are provided.

#### Foreign currency translation

The functional currency of the Company is the Canadian dollar. When using the Canadian dollar as the reporting currency, monetary assets and liabilities denominated in foreign currencies are translated at the year end rate of exchange. Revenue and expenses denominated in foreign currencies are translated at the rate of exchange in effect on the dates on which such items are recognized in earnings during the year. The translation adjustment is included in the determination of earnings for the current year.

#### Income taxes

The Company has elected to apply the taxes payable method of accounting. The taxes payable and provision for income taxes are based on the corporate income tax return filed. There is no adjustment for income taxes related to temporary differences and no recognition of the benefit of income tax losses carried forward.

### 3. Payables and accruals

Included in payables and accruals are government remittances (other than income taxes) of \$84 (INR 4281) (2015 - \$83 (INR 4230)).

### 4. Share capital

#### Authorized:

Unlimited number of common shares without nominal or par value

#### Issued and outstanding:

	2016	2016	2015	2015
	\$	INR	\$	INR
1 common share	1	51	1	51

### 5. Income taxes

	2016	2016	2015	2015
	\$	INR	\$	INR
Income tax expense on earnings at statutory rates	(2,172)	(110,685)	15,136	771,331
Increase (decrease) resulting from:				
Temporary differences	249	12,689	197	10,039
	<u>(1,923)</u>	<u>(97,996)</u>	<u>15,333</u>	<u>781,370</u>

### 6. Financial instruments

#### Credit risk

The Company is subject to credit risk through trade receivables. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses and any such losses to date have been within management's expectations. At March 31, 2016 the Company has not recorded any provision for doubtful accounts.

#### Interest rate risk

The Company is not subject to interest rate risk.

#### Currency risk

The Company operates internationally giving risks associated with fluctuations in foreign currency exchange rates. The Company's foreign currency policy is described in Note 2. At balance sheet data receivables include \$Nil U.S. (INR Nil) (2015 - \$Nil U.S. (INR Nil)) due to related companies include \$Nil U.S. (INR Nil) (2015 - \$ Nil U.S. (INR Nil)).

### 7. Related party transactions

During the year, the Company had entered into related party transactions for subcontracting services provided to Bristlecone Incorporated amounting to \$Nil (INR Nil) (2015 - \$53,751) (INR 2,739,151) These transactions were in the normal course of operations and measured at the exchange amount.

### Supplementary Information (Unaudited) March 31, 2016

For the convenience of readers of the financial statements, all items in the statement of earnings and retained earnings for the year ended March 31, 2016 and the balance sheet as at March 31, 2015 have been translated from the Company's reporting currency (Canadian dollars) into Indian Rupees ("INR") using the exchange rate on March 31, 2016 of Canadian \$1 = INR 50.96. This convenience translation should not be construed as a representation that the Canadian dollar amounts or the Indian Rupee amounts referred to have been, could have been, or could in the future be, converted into INR or Canadian dollar, as the case may be, at this or at any other rate of exchange, or at all. The information presented below does not form part of the audited financial statements and does not conform to Canadian accounting standards for private enterprises ("ASPE").

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2016

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2016.

### Principal activities

The principal activities of the Company are to act as information technology service advisors, business consultants and implementers of computerised systems and to render a full range of information technology services including application and programming services, computer networks and other forms of computer and electronic technology services, administration and management control, technical, scientific and operational assistance, systems design, project management and technical training of personnel, management of a computer and electronic service facility and generally, any type of business or activity relating to the information technology and electronic industry and to provide support and training in connection therein.

There have been no significant changes in the nature of these activities during the financial year.

### Financial results

	RM	INR
Profit for the year	1,627,543	27,814,710

### Dividends

The Company declared and paid the following dividends since the end of the previous financial year:

	RM	INR
Final single tier dividends of RM10 (INR 170.9) per share on 100,000 ordinary shares declared on 21 July 2015 in respect of financial year ended 31 March 2015, paid on 23 July 2015	1,000,000	17,090,000
	<u>1,000,000</u>	<u>17,090,000</u>

### Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

### Issue of shares and debentures

There were no new issue of shares or debentures during the financial year.

### Directors

The Directors of the Company who held office since the date of the last report are as follows:

Krishnadas Chillara	
Harsh Vaish	(Appointed on 14.9.2015)
Razali bin Abdul Rashid	(Appointed on 30.10.2015)
Nor Hazlin binti Dahari	(Appointed on 30.10.2015)
Oh Swee Chin	(Resigned on 30.10.2015)
Yeap Kok Leong	(Resigned on 30.10.2015)
Satish Moorjani	(Resigned on 11.9.2015)

Retirement and re-election of the Directors at the Annual General Meeting will be in accordance with the Company's Articles of Association.

### Directors' interests

According to the Register of Directors' shareholdings, particulars of interests in the shares of the Company's related corporations during the financial year of those Directors who held office at the end of the financial year were as follows:

	Units of Indian Rupee 5 each			
	At 1.4.2015	Bought/ alloted	Sold/ exercised	At 31.3.2016
The ultimate holding corporation				
<b>Mahindra &amp; Mahindra Ltd (Equity shares)</b>				
Krishnadas Chillara	13,402	3,811	–	17,213
<b>Mahindra &amp; Mahindra Ltd (Options)</b>				
Krishnadas Chillara	3,811	–	(3,811)	–

	Units of US \$0.001 each			
	At 1.4.2015	Bought/ alloted	Sold/ exercised	At 31.3.2016

The immediate holding corporation

<b>Bristleccone Limited (Options)</b>				
Harsh Vaish	20,000	–	–	20,000

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company or related corporations during the financial year.

### Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) no contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of the Company which secures the liability of any other person nor has any contingent liability arisen in the Company.

#### **Holding corporations**

The Directors regard Bristlecone Limited, a corporation incorporated in Cayman Island, as the immediate holding corporation, and Mahindra & Mahindra Ltd, a corporation incorporated in India, as the ultimate holding corporation.

#### **Auditors**

The auditors, Messrs SSY Partners, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 April 2016.

**Krishnadas Chillara**  
*Director*

**Harsh Vaish**  
*Director*

Place : Mumbai  
Date : 20 April 2016

---

#### **STATEMENT BY DIRECTORS**

##### **Pursuant to Section 169(15) of the Companies Act 1965**

We, Harsh Vaish and Krishnadas Chillara, being two of the Directors of Bristlecone (Malaysia) Sdn. Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out herein are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Company Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 April 2016.

**Krishnadas Chillara**  
*Director*

**Harsh Vaish**  
*Director*

Place : Mumbai

Date : 20 April 2016

---

#### **STATUTORY DECLARATION**

##### **Pursuant to Section 169(16) of the Companies Act 1965**

I, Krishnadas Chillara, being the Director primarily responsible for the financial management of Bristlecone (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages herein are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the India Notary Act 1952.

Subscribed and solemnly declared by the abovenamed Krishnadas Chillara at Mumbai in the state of Maharashtra, India on 20th April. 2016.

**Krishnadas Chillara**  
*Director*

Before me,

**Independent Auditors' Report to the Members of Bristlecone (Malaysia) Sdn. Bhd.**  
(Company No: 772033-T)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Bristlecone (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31<sup>st</sup> March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows, and a summary of significant accounting policies and other explanatory information.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Our audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March 2016 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the Members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**SSY Partners**

AF: 0040

*Chartered Accountants*

Subang Jaya

20th April, 2016

**Jason Sia Sze Wan**

No. 2376/05/18 (J)

*Partner*



**Statement of Financial Position as at 31<sup>st</sup> March 2016**

	Note	2016 RM	2016 INR	2015 RM	2015 INR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment .....	6	1,031	17,612	1,374	23,483
<b>Current assets</b>					
Trade receivables.....	7	4,028,470	68,846,547	2,190,765	37,440,173
Other receivables and deposits .....	8	34,718	593,331	48,302	825,483
Tax recoverable.....		48,294	825,340	–	–
Fixed deposits with a licensed bank .....	9	871,192	14,888,668	–	–
Cash and bank balances .....		846,379	14,464,618	2,115,397	36,152,136
		5,829,053	99,618,504	4,354,464	74,417,792
<b>TOTAL ASSETS</b> .....		<b>5,830,084</b>	<b>99,636,116</b>	<b>4,355,838</b>	<b>74,441,275</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital .....	10	100,000	1,709,000	100,000	1,709,000
Retained earnings.....		3,140,979	53,679,323	2,513,436	42,954,624
<b>TOTAL EQUITY</b> .....		<b>3,240,979</b>	<b>55,388,323</b>	<b>2,613,436</b>	<b>44,663,624</b>
<b>Current liabilities</b>					
Trade payables .....	11	2,247,904	38,416,675	1,047,349	17,899,191
Other payables and accruals.....	12	341,201	5,831,118	637,785	10,899,754
Provision for taxation.....		–	–	57,268	978,706
<b>TOTAL LIABILITIES</b> .....		<b>2,589,105</b>	<b>44,247,793</b>	<b>1,742,402</b>	<b>29,777,651</b>
<b>TOTAL EQUITY AND LIABILITIES</b> .....		<b>5,830,084</b>	<b>99,636,116</b>	<b>4,355,838</b>	<b>74,441,275</b>

The accompanying notes form an integral part of these financial statements.

## Statement of Comprehensive Income for the year ended 31<sup>st</sup> March 2016

	Note	2016 RM	2016 INR	2015 RM	2015 INR
<b>Revenue</b> .....		<b>10,982,225</b>	<b>187,686,221</b>	12,583,326	215,049,049
Cost of services .....		<b>(8,356,857)</b>	<b>(142,818,693)</b>	(8,978,034)	(153,434,603)
Gross profit .....		<b>2,625,368</b>	<b>44,867,528</b>	3,605,292	61,614,446
Other operating income .....		<b>39,069</b>	<b>667,691</b>	–	–
Administrative expenses.....		<b>(482,894)</b>	<b>(8,252,659)</b>	(235,324)	(4,021,679)
Profit before taxation .....	13	<b>2,181,543</b>	<b>37,282,560</b>	3,369,968	57,592,767
Taxation .....	14	<b>(554,000)</b>	<b>(9,467,860)</b>	(830,116)	(14,186,687)
Profit for the year .....		<b>1,627,543</b>	<b>27,814,700</b>	2,539,852	43,406,080

The accompanying notes form an integral part of these financial statements.

## Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2016

	Note	Share capital		Retained earnings		Total	
		RM	INR	RM	INR	RM	INR
At 1 <sup>st</sup> April 2015 .....		100,000	1,709,000	2,513,436	42,954,615	2,613,436	44,663,615
Dividends paid .....	15	–	–	(1,000,000)	(17,090,000)	(1,000,000)	(17,090,000)
Profit for the year .....		–	–	1,627,543	27,814,717	1,627,543	27,814,717
At 31 <sup>st</sup> March 2016.....		<u>100,000</u>	<u>1,709,000</u>	<u>3,140,979</u>	<u>53,679,332</u>	<u>3,240,979</u>	<u>55,388,332</u>
At 1 <sup>st</sup> April 2014 .....		100,000	1,709,000	1,473,584	25,183,551	1,573,584	26,892,551
Dividends paid .....	15	–	–	(1,500,000)	(25,635,000)	(1,500,000)	(25,635,000)
Profit for the year .....		–	–	2,539,852	43,406,064	2,539,852	43,406,064
At 31 <sup>st</sup> March 2015.....		<u>100,000</u>	<u>1,709,000</u>	<u>2,513,436</u>	<u>42,954,615</u>	<u>2,613,436</u>	<u>44,663,615</u>

The accompanying notes form an integral part of these financial statements.

## Statement of Cash Flows for the year ended 31<sup>st</sup> March 2016

	2016 RM	2016 INR	2015 RM	2015 INR
<b>Cash flows from operating activities</b>				
Profit before taxation .....	2,181,543	37,282,577	3,369,968	57,592,751
Adjustments for:				
Allowance for doubtful debts .....	31,830	543,974	–	–
Depreciation of property, plant and equipment .....	343	5,854	125	2,135
Fixed deposits interest income	(13,718)	(234,441)	–	–
Net loss/(gain) on foreign exchange – unrealised .....	(25,313)	(432,593)	8,287	141,621
Operating profit before working capital changes .....	2,174,685	37,165,371	3,378,380	57,736,506
Increase in trade and other receivables .....	(1,830,638)	(31,285,605)	(148,972)	(2,545,931)
(Increase)/decrease in trade and other payables .....	903,971	15,448,865	(3,811,356)	(65,136,074)
Cash generated from/(used in) operations .....	1,248,018	21,328,631	(581,948)	(9,945,499)
Tax paid .....	(659,562)	(11,271,906)	(980,141)	(16,750,610)
Net cash generated from/(used in) operating activities...	588,456	10,056,725	(1,562,089)	(26,696,109)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment .....	–	–	(1,499)	(25,618)
Fixed deposits interest received .....	13,718	234,441	–	–
Net cash generated from/(used in) investing activities..	13,718	234,441	(1,499)	(25,618)
<b>Cash flows from financing activities</b>				
Dividends paid .....	(1,000,000)	(17,090,000)	(1,500,000)	(25,635,000)
Net cash used in financing activities .....	(1,000,000)	(17,090,000)	(1,500,000)	(25,635,000)
<b>Net decrease in cash and cash equivalents</b> .....	<b>(397,826)</b>	<b>(6,798,834)</b>	<b>(3,063,588)</b>	<b>(52,356,727)</b>
Cash and cash equivalents at beginning of the year .....	2,115,397	36,152,136	5,178,985	88,508,854
<b>Cash and cash equivalents at end of the year</b> .....	<b>1,717,571</b>	<b>29,353,302</b>	<b>2,115,397</b>	<b>36,152,136</b>
<b>Cash and cash equivalents comprise:</b>				
Fixed deposits with a licensed bank .....	871,192	14,888,668	–	–
Cash at bank .....	846,379	14,464,618	2,115,397	36,152,136
	1,717,571	29,353,286	2,115,397	36,152,136
Less: Fixed deposits pledged .....	(871,192)	(14,888,668)	–	–
	846,379	14,464,618	2,115,397	36,152,136

The accompanying notes form an integral part of these financial statements.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2016

### 1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The principal place of business of the Company is located at 41/F, Vista Tower, The Intermark, 348 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

The principal activities of the Company are to act as information technology service advisors, business consultants and implementers of computerised systems and to render a full range of information technology services including application and programming services, computer networks and other forms of computer and electronic technology services, administration and management control, technical, scientific and operational assistance, systems design, project management and technical training of personnel, management of a computer and electronic service facility and generally, any type of business or activity relating to the information technology and electronic industry and to provide support and training in connection therein. There have been no significant changes in the nature of these activities during the financial year.

The Directors regard Bristlecone Limited, a corporation incorporated in Cayman Island, as the immediate holding corporation, and Mahindra & Mahindra Ltd, a corporation incorporated in India, as the ultimate holding corporation.

There were no employees in the Company at the end of the current and previous financial years.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 20<sup>th</sup> April, 2016.

### 2. Basis of preparation of the financial statements

The financial statements comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM).

### 3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year.

#### (a) Property, plant and equipment and depreciation

All items of property, plant and equipment is initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit and loss as incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciated is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

	%
Computer	25

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial yearend, and adjusted prospectively, if appropriate to ensure that the amount, method and period of

depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the year the property, plant and equipment is derecognised, and any unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

#### (b) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the year end.

#### (c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (d) Payables

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services costs.

#### (e) Provision for liabilities

Provision for liabilities is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### (f) Equity instruments

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (g) Revenue recognition

Revenue from service income is recognised upon delivery of services and customers' acceptances, if any, or performance of services.

Revenue recognised on work completed but not invoiced is classified as "accrued billings" under trade receivables.

#### (h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(i) Impairment of assets**

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**(j) Foreign currency**

**i Reporting currency**

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

**ii Foreign currency transactions and balances**

Foreign currency transactions in the Company are accounted for at exchange rates prevailing at the transactions dates, unless hedged by forward foreign exchange contracts, in

which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the financial year end, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2016	2015
	RM	RM
1 Singapore Dollar (SGD)	2.87	Not applicable
1 United States Dollar (USD)	3.88	3.71
1 Euro (EUR)	4.39	4.01

**(k) Financial instruments**

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**Financial assets**

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'. Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets.

**i Financial assets at 'fair value through profit or loss'**

Financial assets are classified as at 'fair value through profit or loss' when the financial assets are either 'held for trading', or upon initial recognition, financial assets are designated as financial assets at 'fair value through profit or loss'.

A financial asset is classified as 'held for trading' if:

- it is acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial assets (other than 'held for trading') are designated as at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases; or
- a group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a

documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as at 'fair value through profit or loss'.

After initial recognition, financial assets at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial assets at 'fair value through profit or loss' are recognised in profit or loss.

## ii 'Held-to-maturity' investments

'Held-to-maturity' investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that and the Company has the positive intention and ability to hold the investments to maturity.

After initial recognition, 'held-to-maturity' investments are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when 'held-to-maturity' investments are derecognised or impaired.

## iii Loans and receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

## iv Available-for-sale' financial assets

Financial assets are classified as 'available-for-sale' financial assets when the financial assets are either designated as such upon initial recognition or are not classified in any of the three preceding categories.

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses on monetary instruments, until the 'available-for-sale' financial assets are derecognised.

The cumulative gain or loss previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment when the financial assets are derecognised.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

## v Investment in unquoted equity instruments carried at cost

Investment in equity instruments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such an unquoted equity instruments, are measured at cost less any accumulated impairment losses.

## vi Reclassifications of financial assets

The Company does not reclassify derivative out of the financial assets at 'fair value through profit or loss' category while they are held or in issue. Equally, the Company does not reclassify other financial assets out of the financial assets at 'fair value through profit or loss' category if upon initial recognition, those financial assets were designated as financial assets at 'fair value through profit or loss'. Other financial assets are

not reclassified into the financial assets at 'fair value through profit or loss' category after initial recognition under another category.

When it is no longer appropriate to classify an investment as 'held-to-maturity' as a result of a change in intention and ability, the investment is reclassified as held for sale and re-measured at fair value. Any difference between the carrying amount and fair value of the investment is recognised in other comprehensive income.

## vii Impairment of financial assets

At the end of each reporting year, the Company assesses whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investment in equity instruments classified as 'available-for-sale' financial assets, objective evidence that the financial assets are impaired include the disappearance of an active trading market for the financial assets because of, significant financial difficulties, and a significant and/or prolonged decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulties of the issuer; or
- default or significant delay in payments and delinquency in interest or principal payments; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade and other receivables, and staff loan receivables which are reduced through the use of an allowance account, and when these becomes uncollectible. Any impairment loss is recognised in profit or loss immediately.

If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss. If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

#### viii Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Company transfers the financial assets and the transfer qualifies for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

#### Financial liabilities

Financial liabilities are recognised on the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'. After initial recognition, financial liabilities are either classified as at 'fair value through profit or loss' or amortised cost using the effective interest method.

##### i Financial liabilities at 'fair value through profit or loss'

Financial liabilities are classified as financial liabilities at 'fair value through profit or loss' when the financial liabilities are either 'held for trading' or upon initial recognition, the financial liabilities are designated as financial liabilities at 'fair value through profit or loss'.

A financial liability is classified as 'held for trading' if:

- it is incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities (other than 'held for trading') are designated as financial liabilities at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as financial liabilities at 'fair value through profit or loss'.

After initial recognition, financial liabilities at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial liabilities at 'fair value through profit or loss' are recognised in profit or loss.

##### ii Financial liabilities at amortised cost using the effective interest method

Effective interest method is a method of calculating the amortised cost of financial liabilities and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities or a shorter period to the net carrying amount of the financial liabilities.

After initial recognition, financial liabilities other than financial liabilities at 'fair value through profit or loss' are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

##### iii Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

#### (l) Leases

##### i Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

##### ii Finance lease

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statement of financial position as borrowings.

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance cost and the reduction of the outstanding liabilities. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with the depreciation for property, plant and equipment as described in Note 3(a)

##### iii Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the terms of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.



In the case of lease of land and buildings, the minimum lease payments or up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings elements of the lease at the inception of the lease. The up-front payments represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

**(m) Employee benefits**

**i Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**ii Defined contribution plan**

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Company makes contributions to the statutory provident fund, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss in the period as incurred.

**iii Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

**(n) Related parties**

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

**4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations**

During the financial year, the Company has adopted the following new and revised Malaysian Financial Reporting Standards and amendments to certain standards (collectively referred to as 'MFRSs'), issued by the Malaysian Accounting Standards Board ('MASB') which are effective for the financial year of the Company beginning on 1<sup>st</sup> April 2015:

MFRSs that have been issued and effective which do not have any significant impact on these financial statements

The following revised MFRSs issued by the MASB, effective for financial year of the Company beginning 1<sup>st</sup> April 2015, have been adopted, but the adoptions do not have any or significant impact to the financial statements:

Amendments to MFRS 2: Share-based Payment  
Amendments to MFRS 3: Business Combinations  
Amendments to MFRS 8: Operating Segments  
Amendments to MFRS 13: Fair Value Measurement

Amendments to MFRS 116: Property, Plant and Equipment  
Amendments to MFRS 119: Employee Benefits  
Amendments to MFRS 124: Related Party Disclosures  
Amendments to MFRS 138: Intangible Assets  
Amendments to MFRS 140 Investment Property

MFRSs that have been issued but not effective

The following new and revised MFRSs issued by MASB, effective for financial periods beginning on or after 1<sup>st</sup> January 2016, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

MFRS 14: Regulatory Deferral Accounts  
Amendments to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations  
Amendments to MFRS 7: Financial Instruments: Disclosures  
Amendments to MFRS 10: Consolidated Financial Statements  
Amendments to MFRS 11: Joint Arrangements  
Amendments to MFRS 12: Disclosure of Interests in Other Entities  
Amendments to MFRS 101: Presentation of Financial Statements  
Amendments to MFRS 116: Property, Plant and Equipment  
Amendments to MFRS 119: Employee Benefits  
Amendments to MFRS 127: Separate Financial Statements  
Amendments to MFRS 128: Investment in Associates and Joint Ventures  
Amendments to MFRS 134 Interim Financial Reporting  
Amendments to MFRS 138 Intangible Assets  
Amendments to MFRS 141 Agriculture

The following new and revised MFRSs issued by MASB, effective for financial periods beginning on or after 1<sup>st</sup> January 2018, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

MFRS 15: Revenue from Contracts with Customers  
Amendments to MFRS 9: Financial Instruments

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of MFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at 'fair value through profit or loss') attributable to changes in the credit risk of that liability. Specifically, under MFRS 9, for financial liabilities that are designated as at 'fair value through profit or loss', the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

**5. Significant accounting estimates**

**Key Sources of Estimation Uncertainty**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(a) Allowances for doubtful debts**

The collectability of receivables is assessed on an ongoing basis. An allowance for doubtful debt is made for any account considered to be doubtful for collection. The allowance for doubtful debt is made

based on a review of all outstanding accounts at the end of the reporting period. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

**(b) Income taxes**

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(c) Fair value estimates of certain financial instruments**

The Company carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

**6. Property, plant and equipment**

	Computer	
	RM	INR
<b>Carrying amount</b>		
At 1 <sup>st</sup> April 2015	1,374	23,482
Depreciation charge	(343)	(5,854)
<b>At 31<sup>st</sup> March 2016</b>	<b>1,031</b>	<b>17,628</b>
<b>At 31<sup>st</sup> March 2016</b>		
Cost	1,499	25,618
Accumulated depreciation	(468)	(8,006)
<b>Carrying amount</b>	<b>1,031</b>	<b>17,612</b>
<b>At 31<sup>st</sup> March 2015</b>		
At 1 <sup>st</sup> April 2015	1,499	25,618
Depreciation charge	(125)	(2,135)
<b>At 31<sup>st</sup> March 2015</b>	<b>1,374</b>	<b>23,483</b>
Depreciation – 2015	125	2,135

**7. Trade receivables**

	2016 RM	2016 INR	2015 RM	2015 INR
Trade receivables	3,041,300	51,975,825	1,710,452	29,231,624
Less: Allowance for doubtful debts	(31,830)	(543,974)	-	-
	3,009,470	51,431,851	1,710,452	29,231,624
Accrued billings	1,019,000	17,414,713	480,313	8,208,549
	4,028,470	68,846,564	2,190,765	37,440,173

The currency exposure profile of trade receivables of the Company is as follows:

	2016 RM	2016 INR	2015 RM	2015 INR
Ringgit Malaysia	3,891,220	66,500,950	1,772,506	30,292,134
Euro	137,250	2,345,602	393,564	6,726,003
United States Dollar	-	-	24,695	422,030
	4,028,470	68,846,552	2,190,765	37,440,167

The ageing analysis of the trade receivables is as follows:

	2016 RM	2016 INR	2015 RM	2015 INR
Neither past due nor impaired	1,705,550	29,147,853	1,163,010	19,875,841
Past due, not impaired				
– 1 to 30 days past due, not impaired	152,746	2,610,429	305,807	5,226,242
– 31 to 60 days past due, not impaired	530,096	9,059,349	62,500	1,068,125
– 61 to 90 days past due, not impaired	621,078	10,614,220	171,832	2,936,609
– 91 to 180 days past due, not impaired	-	-	7,303	124,808
	1,303,920	22,283,998	547,442	9,355,784
Past due and impaired	31,830	543,974	-	-
	3,041,300	51,975,825	1,710,452	29,231,625

The normal trade credit terms granted to customers ranged from 30 to 60 (2015: 30 to 60) days or contractual periods based on project contract sales.

The balance of receivables that are past due but not impaired are unsecured in nature. The Management is confident that the remaining receivables are recoverable as these accounts are still active.

**8. Other receivables and deposits**

	2016 RM	2016 INR	2015 RM	2015 INR
Loan and advances	26,174	447,312	45,784	782,450
Tender deposits	5,000	85,450	-	-
Rental deposits	2,518	43,031	2,518	43,033
Interest receivables	1,026	17,538	-	-
	34,718	593,331	48,302	825,483

**9. Fixed deposits with a licensed bank**

Deposits with a licensed bank is pledged as securities for trade trading which bear interest at the rate of 2.95% per annum and have a maturity period of one month.

**10. Share capital**

	2016 Unit	2016 RM	2016 INR	2015 Unit	2015 RM	2015 INR
<b>Authorised ordinary shares</b>						
At beginning/end of the year	500,000	500,000	8,545,000	500,000	500,000	8,545,000
<b>Issued and fully paid ordinary</b>						
At beginning/end of the year	100,000	100,000	1,709,000	100,000	100,000	1,709,000

**11. Trade payables**

	2016 RM	2016 INR	2015 RM	2015 INR
Amount due to related corporations:				
Bristlecone India Limited	2,247,286	38,406,117	1,047,349	17,899,191
Bristlecone (Singapore) Pte. Ltd.	617	10,545	-	-
	2,247,903	38,416,662	1,047,349	17,899,191

Amount due to related corporation is unsecured, interest free and repayable upon demand. The normal trade credit terms granted to the Company ranged from 30 to 90 (2015: 30 to 90) days.

The currency exposure profile of trade payables of the Company is as follows:

	2015 RM	2015 INR	2014 RM	2014 INR
Ringgit Malaysia	2,247,286	38,406,117	1,047,349	17,899,191
Singapore Dollar	617	10,545	-	-
	<u>2,247,903</u>	<u>38,416,662</u>	<u>1,047,349</u>	<u>17,899,191</u>

## 12. Other payables and accruals

	2016 RM	2016 INR	2015 RM	2015 INR
Advance billings	83,190	1,421,717	182,805	3,124,137
Other payables	75,670	1,293,199	398,082	6,803,217
Provision for expenses	182,341	3,116,202	56,898	972,383
	<u>341,201</u>	<u>5,831,118</u>	<u>637,785</u>	<u>10,899,737</u>

Advance billing represents invoices issued to customers of which goods or services sold have not been completed and have been included under trade payables.

## 13. Profit before taxation

	2016 RM	2016 INR	2015 RM	2015 INR
<b>Profit before taxation is arrived at after charging:</b>				
Auditors' remuneration				
- current year	12,000	205,080	15,000	256,350
- underprovision in prior year	-	-	2,500	42,725
Depreciation of property, plant and equipment	343	5,854	125	2,135
Loss on foreign exchange - realised	56,441	964,573	3,083	52,685
Loss on foreign exchange - unrealised	-	-	8,455	144,496
Allowance for doubtful debts	31,830	543,974	-	-
Rental of premises	7,068	120,792	7,068	120,792
<b>and crediting:</b>				
Gain on foreign exchange - unrealised	25,313	432,593	168	2,875
Gain on foreign exchange - realised	38	658	310	5,300
Fixed deposits interest income	13,718	234,441	-	-
	<u>13,718</u>	<u>234,441</u>	<u>-</u>	<u>-</u>

## 14. Taxation

	2016 RM	2016 INR	2015 RM	2015 INR
<u>Malaysian income tax</u>				
Current year	554,000	9,467,860	857,129	14,648,339
Over provision in prior years	-	-	(27,013)	(461,652)
	<u>554,000</u>	<u>9,467,860</u>	<u>830,116</u>	<u>14,186,687</u>

The reconciliation of income tax expense applicable to the results of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2016 RM	2016 INR	2015 RM	2015 INR
Profit before taxation	2,181,543	37,282,577	3,369,968	57,592,751
Tax at Malaysian statutory tax rate	545,386	9,320,644	842,492	14,398,188
Tax effects of expenses not deductible for tax purposes	8,614	147,216	14,637	250,151
Over provision of income tax in prior years	-	-	(27,013)	(461,652)
	<u>554,000</u>	<u>9,467,860</u>	<u>830,116</u>	<u>14,186,687</u>

## 15. Dividends

	2016 RM	2016 INR	2015 INR	2015 INR
Final single tier dividends of RM10 per share on 100,000 ordinary shares declared on 21 <sup>st</sup> July 2015 in respect of financial year ended 31 <sup>st</sup> March 2015, paid on 23 <sup>rd</sup> July 2015.	1,000,000	17,090,000	-	-
Interim single tier dividends of RM15 per share on 100,000 ordinary shares declared on 9 <sup>th</sup> March 2015 in respect of financial year ended 31 <sup>st</sup> March 2015, paid on 12 <sup>th</sup> March 2015.	-	-	1,500,000	25,635,000
	<u>1,000,000</u>	<u>17,090,000</u>	<u>1,500,000</u>	<u>25,635,000</u>

## 16. Significant related party transactions

The Company has transactions with its related corporations and the financial statements reflect the effects of these transactions on the basis that these transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

Significant transactions with related corporations during the year comprise the following:

	2016 RM	2016 INR	2015 RM	2015 INR
<b>Expenses</b>				
Service charges by related corporations:				
Bristlecone India Limited	6,555,029	112,025,446	8,485,817	145,022,613
Bristlecone (Singapore) Pte. Ltd.	101,183	1,729,217	-	-
	<u>6,656,212</u>	<u>113,754,663</u>	<u>8,485,817</u>	<u>145,022,613</u>

## 17. Non-cancellable operating lease commitment

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at financial year end but not recognised as liabilities are as follows:

	2016 RM	2016 INR	2015 RM	2015 INR
<u>Rental of guest house</u>				
Future minimum rentals payments:				
Not later than 1 year	6,156	105,206	1,767	30,198

## 18. Financial risk management policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

### (a) Credit risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

The Company's concentration of credit risks relates to the amount owing by two (2015: two) major customers which constituted 75% (2015: 67%) of its trade receivables at the end of the reporting period.

The exposure of credit risks for trade receivables as at the end of the reporting period by geographical region is as follows:

	2016		2015	
	RM	INR	RM	INR
Domestic	3,891,220	66,500,950	1,772,506	30,292,128
Europe	137,250	2,345,602	393,564	6,726,009
Thailand	-	-	24,695	422,037
	<u>4,028,470</u>	<u>68,846,552</u>	<u>2,190,765</u>	<u>37,440,174</u>

As at the end of the reporting period, the maximum exposure of credit risk arising from trade receivables is represented by the carrying amount in the statement of financial position.

**(b) Foreign currency risk**

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly Euro (EUR) and United States Dollar (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

**Foreign currency risk sensitivity analysis**

Amounts are translated for convenience into Indian Rupees at the exchange rate of INR 17.09 = RM1 which is the Bloomberg rate as on 31st March 2016. Comparative figures are also translated at this rate.

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	Increase/(decrease) in the Company's results		Increase/(decrease) in the Company's results	
	2016 RM	2016 INR	2015 RM	2015 INR
<b>Effects on profit before taxation:</b>				
<b>EUR</b>				
- strengthened by 5% (2015: 5%)	6,860	117,237	19,680	336,331
- weakened by 5% (2015: 5%)	(6,860)	(117,237)	(19,680)	(336,331)
<b>SGD</b>				
- strengthened by 5% (2015: 5%)	(30)	(513)	-	-
- weakened by 5% (2015: 5%)	30	513	-	-
<b>USD</b>				
- strengthened by 5% (2015: 5%)	-	-	1,235	21,106
- weakened by 5% (2015: 5%)	-	-	(1,235)	(21,106)

**(c) Liquidity and cash flow risks**

The Company relies on its management of working capital to ensure that the cash flow within the operating cycle are sustainable. In the event of additional funds required to operate the Company, the financial support from its holding company and related companies is necessary to meet its short term funding needs.

**(d) Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

**19. Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables [L&R]  
(b) Other financial liabilities [OFL]

	Carrying amount RM	Carrying amount INR	L&R RM	L&R INR	OFL RM	OFL INR
<b>2016</b>						
<b>Non-derivative financial assets</b>						
Trade receivables	4,028,470	68,846,552	4,028,470	68,846,552	-	-
Other receivables and deposits	34,718	593,331	34,718	593,331	-	-
Fixed deposits with a licensed bank	871,192	14,888,671	871,192	14,888,671	-	-
Cash and bank balances	846,379	14,464,617	846,379	14,464,617	-	-
	<u>5,780,759</u>	<u>98,793,171</u>	<u>5,780,759</u>	<u>98,793,171</u>	-	-
<b>Non-derivative financial liabilities</b>						
Trade payables	2,247,904	38,416,679	-	-	2,247,904	38,416,679
Other payables and accruals	341,201	5,831,125	-	-	341,201	5,831,125
	<u>2,589,105</u>	<u>44,247,804</u>	-	-	<u>2,589,105</u>	<u>44,247,804</u>
<b>2015</b>						
<b>Non-derivative financial assets</b>						
Trade receivables	2,190,765	37,440,174	2,190,765	37,440,174	-	-
Other receivables and deposits	48,302	825,481	48,302	825,481	-	-
Cash and bank balances	2,115,397	36,152,135	2,115,397	36,152,135	-	-
	<u>4,354,464</u>	<u>74,417,790</u>	<u>4,354,464</u>	<u>74,417,790</u>	-	-
<b>Non-derivative financial liabilities</b>						
Trade payables	1,047,349	17,899,194	-	-	1,047,349	17,899,194
Other payables and accruals	637,785	10,899,746	-	-	637,785	10,899,746
	<u>1,685,134</u>	<u>28,798,940</u>	-	-	<u>1,685,134</u>	<u>28,798,940</u>

**20. Fair values of the financial instruments**

The fair values of the financial instruments of the Company as at 31<sup>st</sup> March 2016 are not materially different from their carrying values.

## STATEMENT BY DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The directors present their report together with the audited financial statements for the financial year ended 31 March 2016.

### STATEMENT OF DIRECTORS

In the opinion of the directors,

- The financial statements as set out here in are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the financial years then ended; and
- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Krishnadas Chillara

Lim Tiong Beng

Harsh Vaish (appointed on 11 September 2015)

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTEREST IN SHARES OR DEBENTURES

- According to the register of director's shareholding, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	<u>Holdings registered in name of director or nominee</u>	
	<u>As at 31.3.2016</u>	<u>As at 1.4.2015</u>
	<b>Ultimate holding corporation – Mahindra &amp; Mahindra Ltd</b> <u>(No. of ordinary shares of Indian rupee 5 each)</u> Krishnadas Chillara	17,213

- According to the register of director's shareholding, certain directors holding office at the end of the financial year had interest in options to subscribe for ordinary shares of the immediate or ultimate holding corporations.

	<u>Holdings registered in name of director or nominee</u>	
	<u>As at 31.3.2016</u>	<u>As at 1.4.2015</u>
	<b>Ultimate holding corporation – Mahindra &amp; Mahindra Ltd</b> <u>(No. of options of Indian rupee 5 each)</u> Krishnadas Chillara	–
<b>Penultimate holding corporation – Bristlecone Ltd., Cayman Islands</b> <u>(No. of options of US\$0.001 each)</u> Harsh Vaish	20,000	–

### DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that certain directors receive remuneration as a result of their employment with related corporations.

There were no unissued shares of the Company under option at the end of the financial year.

### INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re appointment.

### SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

On behalf of the Directors

<b>Krishnadas Chillara</b>	<b>Harsh Vaish</b>
Director	Director

Place: Mumbai  
Date: 20 April, 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BRISTLECONE (SINGAPORE) PTE. LTD.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Bristlecone (Singapore) Pte. Ltd. (the "Company") set out herein, which comprise the balance sheet as at 31<sup>st</sup> March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March 2016, and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation  
Public Accountants and  
Chartered Accountants

Singapore  
20<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note	2016	2016	2015	2015
		\$	INR	\$	INR
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents .....	4	9,363	4,59,724	60,078	29,49,830
Trade receivables .....	5	11,684	5,73,684	–	–
Other current assets .....	6	4,703	2,30,917	4,702	2,30,868
<b>Total assets</b> .....		<b>25,750</b>	<b>12,64,325</b>	<b>64,780</b>	<b>31,80,698</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables .....	7	5,058	2,48,348	15,455	7,58,840
<b>Total liabilities</b> .....		<b>5,058</b>	<b>2,48,348</b>	<b>15,455</b>	<b>7,58,840</b>
<b>NET ASSETS</b> .....		<b>20,692</b>	<b>10,15,977</b>	<b>49,325</b>	<b>24,21,858</b>
<b>EQUITY</b>					
Share capital .....	8	16,70,000	8,19,97,000	16,70,000	8,19,97,000
Accumulated losses .....		(16,49,308)	(8,09,81,023)	(16,20,675)	(7,95,75,142)
		<b>20,692</b>	<b>10,15,977</b>	<b>49,325</b>	<b>24,21,858</b>

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Note	2016	2016	2015	2015
		\$	INR	\$	INR
<b>Revenue</b> .....	9	33,765	16,57,861	1,14,000	55,97,400
Cost of sales .....		(29,653)	(14,55,962)	(96,237)	(47,25,237)
<b>Gross profit</b> .....		<b>4,112</b>	<b>2,01,899</b>	<b>17,763</b>	<b>8,72,163</b>
Other Income .....	10	–	–	1,953	95,892
Other gains .....	11	–	–	23	1,129
Expenses					
- Selling and marketing .....		(4,012)	(1,96,989)	(57,955)	(28,45,591)
- Administrative .....		(28,733)	(14,10,790)	(34,430)	(16,90,513)
<b>Loss before income tax</b> .....		<b>(28,633)</b>	<b>(14,05,880)</b>	<b>(72,646)</b>	<b>(35,66,920)</b>
Income tax expense .....	14	–	–	–	–
<b>Total comprehensive loss, representing net loss</b> .....		<b>(28,633)</b>	<b>(14,05,880)</b>	<b>(72,646)</b>	<b>(35,66,920)</b>

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Share capital		Accumulated losses		Total	
	\$	INR	\$	INR	\$	INR
<b>2016</b>						
<b>Beginning of financial year</b> .....	16,70,000	8,19,97,000	(16,20,675)	(7,95,75,143)	49,325	24,21,858
<b>Total comprehensive loss for the financial year</b> .....	-	-	(28,633)	(14,05,880)	(28,633)	(14,05,880)
<b>End of financial year</b> .....	16,70,000	8,19,97,000	(16,49,308)	(8,09,81,023)	20,692	10,15,978
<b>2015</b>						
Beginning of financial year.....	16,70,000	8,19,97,000	(15,48,029)	(7,60,08,224)	1,21,971	59,88,776
Total comprehensive profit for the financial year.....	-	-	(72,646)	(35,66,919)	(72,646)	(35,66,919)
End of financial year.....	16,70,000	8,19,97,000	(16,20,675)	(7,95,75,143)	49,325	24,21,857

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	2016		2015	
	\$	INR	\$	INR
<b>Cash flows from operating activities</b>				
Loss before income tax.....	(28,633)	(14,05,880)	(72,646)	(35,66,919)
Change in working capital				
- Trade receivables.....	(11,684)	(5,73,684)	63,500	31,17,850
- Other current assets .....	(1)	(49)	844	41,440
- Trade and other payables .....	(10,397)	(5,10,493)	(64,316)	(31,57,915)
<b>Net Cash used in operating activities</b> .....	<b>(50,715)</b>	<b>(24,90,106)</b>	<b>(72,618)</b>	<b>(35,65,544)</b>
<b>Net decrease in cash and cash equivalents</b> .....	<b>(50,715)</b>	<b>(24,90,106)</b>	<b>(72,618)</b>	<b>(35,65,544)</b>
<b>Cash and cash equivalents</b>				
<b>Beginning of financial year</b> .....	<b>60,078</b>	<b>29,49,830</b>	1,32,696	65,15,374
<b>End of financial year</b> .....	<b>9,363</b>	<b>4,59,724</b>	60,078	29,49,830

The accompanying notes form an integral part of these financial statements.



## NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorised for issue in accordance with a resolution of the directors of Bristlecone (Singapore) Pte. Ltd. on 20<sup>th</sup> April 2016.

### 1. GENERAL INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore. The registered office is at 3, Anson Road, #27-01, Springleaf Tower, Singapore 079909 and the principal place of business is at 3, Temasek Avenue, #21-00 Centennial Tower, Singapore 039190.

The principal activity of the Company is those of providing software related consulting services.

The Company's immediate holding corporation is Bristlecone India Limited., incorporated in India. The Company's penultimate holding corporation is Bristlecone Ltd., incorporated in Cayman Islands. The Company's ultimate holding corporation is Mahindra & Mahindra Limited, incorporated in India.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

#### *Interpretations and amendments to published standards effective in 2015*

On 1 April 2015, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

#### 2.2 Trade and other receivables

Trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

#### 2.3 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

#### 2.4 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Sales are represented, net of goods and services tax, rebates and discounts, if any.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

##### Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date;
- servicing fees are recognised by reference to the proportion of the total cost of providing the servicing;
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred; and
- where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

#### 2.5 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

##### (a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

##### (b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

#### 2.6 Leases

When the Company is the lessee – Operating lease

The Company lease office under operating leases from non-related party.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

#### 2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their

carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

## 2.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

## 2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

## 2.10 Currency translation

### (a) Functional and presentation currency

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Amounts are translated for convenience into Indian Rupees at the exchange rate of INR 49.10 = SGD1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2016. Comparative figures are also translated at this rate.

### (b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains/(losses)".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

## 2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

## 2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

## 3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical accounting estimates and assumptions

#### Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment once every quarter. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

The carrying amounts of trade receivables are disclosed in Note 5.

## 4. CASH AND CASH EQUIVALENTS

	2016	2016	2015	2015
	\$	INR	\$	INR
Cash at bank	9,363	4,59,723	60,078	29,49,830

## 5. TRADE RECEIVABLES

	2016	2016	2015	2015
	\$	INR	\$	INR
Trade receivables – related corporation	347	17,037	54,000	26,51,400
Less: allowance for impairment (Note 16(b)(ii))	–	–	(54,000)	(26,51,400)
Unbilled revenue – related corporation	11,337	5,56,647	–	–
	11,684	5,73,684	–	–

## 6. OTHER CURRENT ASSETS

	2016	2016	2015	2015
	\$	INR	\$	INR
Deposits	3,196	1,56,924	3,196	1,56,924
Prepayments	1,507	73,993	1,506	73,944
	4,703	2,30,917	4,702	2,30,868

## 7. TRADE AND OTHER PAYABLES

	2016	2016	2015	2015
	\$	INR	\$	INR
Trade payables – immediate holding corporation	–	–	4,000	1,96,400
Accrued operating expenses	5,058	2,48,348	11,455	5,62,441
	5,058	2,48,348	15,455	7,58,841

## 8. SHARE CAPITAL

All issued ordinary shares are fully paid. There is no par value for this ordinary share.

The Company's share capital comprises of fully paid-up 1,670,000 (2015: 1,670,000) ordinary shares with no par value, amounting to a total of \$1,670,000 (2015: \$1,670,000).

Fully paid ordinary share carry one vote per share and carry a right to dividends as and when declared by the Company.

**9. REVENUE**

	2016	2016	2015	2015
	\$	INR	\$	INR
Rendering of service	33,765	16,57,862	1,14,000	55,97,400

**10. OTHER INCOME**

	2016	2016	2015	2015
	\$	INR	\$	INR
Written back of trade payable to related corporation	-	-	1,953	95,892

**11. OTHER GAINS, NET**

	2016	2016	2015	2015
	\$	INR	\$	INR
Currency translation gains, net	-	-	23	1,129

**12. EXPENSES BY NATURE**

	2016	2016	2015	2015
	\$	INR	\$	INR
Expenses recognised in profit or loss include the following:				
Allowance for impairment on trade receivable (Note 16(b)(ii))	-	-	54,000	26,51,400
Employee compensation (Note 13)	34,985	17,17,764	98,237	48,23,437
Professional and consulting fee	18,253	8,96,222	17,698	8,68,972
Rental expense on operating lease	3,826	1,87,857	3,826	1,87,857

**13. EMPLOYEE COMPENSATION**

	2016	2016	2015	2015
	\$	INR	\$	INR
Salaries, bonus and allowances	29,005	14,24,146	96,237	47,25,237
Directors' fees	2,000	98,200	2,000	98,200
Other short-term benefits	3,980	1,95,418	-	-
	34,985	17,17,764	98,237	48,23,437

**14. INCOME TAX EXPENSE**

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	2016	2016	2015	2015
	\$	INR	\$	INR
Loss before income tax	(28,633)	(14,05,880)	(72,646)	(35,66,919)
Tax calculated at a tax rate of 17% (2015: 17%)	(4,867)	(2,38,970)	(12,350)	(6,06,385)

	2016	2016	2015	2015
	\$	INR	\$	INR
Expenses not deductible for tax purposes	116	5,696	-	-
Effects of unrecognised deferred tax benefits	4,751	2,33,274	12,350	6,06,385
Tax charge	-	-	-	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of approximately \$1,544,365 (INR 75,828,322) (2015: \$1,516,414 (INR 74,455,927)) as at the balance sheet date which can be carried forward and used to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain statutory requirements. The tax losses have no expiry date.

**15. RELATED PARTY TRANSACTIONS**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

**(a) Sales and purchase of goods and services**

	2016	2016	2015	2015
	\$	INR	\$	INR
<i>Holding corporation</i>				
Consultation fees	33,765	16,57,862	-	-
Subcontracting fees	-	-	77,865	38,23,172
	33,765	16,57,862	77,865	38,23,172

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances as at 31 March 2016 and 2015, arising from sales and purchases of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 5 and 7 to the financial statements.

**(b) Key management compensation**

Except for the directors of the Company, there are no other key management personnel. Among the three directors, other than Mr Lim TiongBeng (Note 13), remuneration for the two of them is paid by its immediate holding corporation/Ultimate holding corporation.

**16. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The financial risk management is handled by the immediate holding corporation as part of the operations of the Group.

**(a) Market risk****(i) Currency risk**

The Company's business operations is not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

**(ii) Interest rate and price risks**

The Company has insignificant financial assets or liabilities that are exposed to interest rate and price risks.

**(b) Credit risk**

Credit risk refers to the risk that counter party will default on its contractual obligations resulting in financial loss to the Company. The major class of financial assets of the Company are cash and cash equivalent and trade receivables. For other financial assets,

the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

(i) Financial assets that are neither past due nor impaired

Cash and bank balances that are neither past due nor impaired are mainly deposited with banks which have high credit-ratings as determined by international credit-rating agencies.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Company.

(ii) Financial assets that are past due and/or impaired

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	2016		2015	
	\$	INR	\$	INR
Gross amount	-	-	54,000	26,51,400
Less: Allowance for impairment	-	-	(54,000)	(26,51,400)
	-	-	-	-
Beginning of financial year	54,000	26,51,400	-	-
Allowance of impairment (Note 12)	-	-	54,000	26,51,400
Allowance utilised	(54,000)	(26,51,400)	-	-
End of financial year (Note 6)	-	-	54,000	26,51,400

The impaired trade receivables arise from customer that the management is of the opinion that payments are not forthcoming.

(c) Liquidity risk

The Company monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations and to mitigate effects of fluctuations in cash flows.

All financial liabilities of the Company are current for the financial years ended 31 March 2016 and 2015.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payout to shareholder or obtain borrowings.

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital. The Company's overall strategy remains unchanged from 2015.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2016 and 2015.

(e) Fair value measurement

The fair values of financial assets and liabilities approximate their carrying amounts.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	2016		2015	
	\$	INR	\$	INR
Loans and receivables	24,243	11,90,331	63,274	31,06,753
Financial liabilities at amortised cost	5,058	2,48,348	15,455	7,58,841

17. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after 1 April 2016 or later periods and which the Company has not early adopted. The management anticipates that the adoption of the new standards, amendments and interpretations in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report with the financial statements of the company for the year ended 31 March 2016.

### DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report.

Krishnadas Chillara

Kulashekar Raghavan

Other changes in the directors holding office are as follows:

Harsh Vaish appointed on 20 October 2015

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### AUDITORS

The auditors, Butler & Co LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

### ON BEHALF OF THE BOARD:

**Harsh Vaish**  
Director

Place: Pune, India  
Date: 20 April 2016

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRISTLECONE UK LIMITED

We have audited the financial statements of Bristlecone UK Limited for the year ended 31<sup>st</sup> March, 2016 on pages herein. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages herein, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> March, 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Mukesh Desai (Senior Statutory Auditor)**  
**for and on behalf of Butler & Co LLP**  
Chartered Accountants  
& Statutory Auditor

Third Floor  
126-134 Baker Street  
London W1U 6UE

Date: 26<sup>th</sup> April, 2016

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Notes	2016 £	2016 INR	2015 £	2015 INR
<b>TURNOVER</b> .....		-	-	-	-
Administrative Expenses .....		122,428	11,656,370	8,190	2,621,207
<b>OPERATING PROFIT/(LOSS)</b> .....	<b>3</b>	<b>(122,428)</b>	<b>(11,656,370)</b>	<b>(8,190)</b>	<b>(779,770)</b>
Interest receivable and similar income.....		296	28,182	190	18,090
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> .....		<b>(122,132)</b>	<b>(11,628,188)</b>	<b>(8,000)</b>	<b>(761,679)</b>
Tax on profit/(loss) on ordinary activities.....	<b>4</b>	-	-	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b> .....		<b>(122,132)</b>	<b>(11,628,188)</b>	<b>(8,000)</b>	<b>(761,679)</b>
<b>OTHER COMPREHENSIVE INCOME</b> .....		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> .....		<b>(122,132)</b>	<b>(11,628,188)</b>	<b>(8,000)</b>	<b>(761,679)</b>

The notes form part of these financial statements

**BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2016**

	Notes	2016 £	2016 INR	2015 £	2015 INR
<b>CURRENT ASSETS</b>					
Debtors.....	6	17	1,619	3,919	373,128
Cash at bank .....		345,098	32,856,781	440,520	41,941,909
		<u>345,115</u>	<u>32,858,400</u>	<u>444,439</u>	<u>42,315,037</u>
<b>CREDITORS</b>					
Amounts falling due within one year .....	7	31,029	2,954,271	8,221	782,721
<b>NET CURRENT ASSETS</b> .....		<u>314,086</u>	<u>29,904,129</u>	<u>436,218</u>	<u>41,532,316</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> .....		<u>314,086</u>	<u>29,904,129</u>	<u>436,218</u>	<u>41,532,316</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital .....	8	2,350,000	223,743,500	2,350,000	223,743,500
Retained Earnings .....	9	(2,035,914)	(193,839,372)	(1,913,782)	(182,211,184)
<b>SHAREHOLDERS' FUNDS</b> .....		<u>314,086</u>	<u>29,904,128</u>	<u>436,218</u>	<u>41,532,316</u>

The financial statements were authorised for issue by the Board of Directors on 20<sup>th</sup> April, 2016 and were signed on its behalf by:

**Harsh Vaish**  
Director

Date: 20<sup>th</sup> April 2016  
Place: Pune, India



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Called up share capital £	Called up share capital INR	Retained earnings £	Retained earnings INR	Total equity £	Total equity INR
<b>Balance at 1 April 2014 .....</b>	<b>2,350,000</b>	<b>223,743,500</b>	<b>(1,905,782)</b>	<b>(181,449,504)</b>	<b>444,218</b>	<b>42,293,996</b>
<b>Changes in equity</b>						
Total comprehensive income .....	–	–	(8,000)	(761,680)	(8,000)	(761,680)
<b>Balance at 31 March 2015 .....</b>	<b>2,350,000</b>	<b>223,743,500</b>	<b>(1,913,782)</b>	<b>(182,211,184)</b>	<b>436,218</b>	<b>41,532,316</b>
<b>Changes in equity</b>						
Total comprehensive income .....	–	–	(122,132)	(11,628,188)	(122,132)	(11,628,188)
<b>Balance at 31 March 2016 .....</b>	<b>2,350,000</b>	<b>223,743,500</b>	<b>(2,035,914)</b>	<b>(193,839,372)</b>	<b>314,086</b>	<b>29,904,128</b>

The notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	-	50% on cost
Computer equipment	-	50% on cost

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pension costs and other post-retirement benefits**

The company contributes to employee's personal pension plans. Contributions payable to the pension schemes are charged to profit or loss in the period to which they relate.

## 2. STAFF COSTS

	2016 £	2016 INR	2015 £	2015 INR
Wages and salaries	67,841	6,459,142	6,070	577,925
Social security costs	5,622	535,271	(107)	(10,187)
Other pension costs	4,900	466,529	-	-
	<u>78,363</u>	<u>7,460,942</u>	<u>5,963</u>	<u>567,738</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Management	3	2
Administrative	1	1
Sales and Marketing	1	-
	<u>5</u>	<u>3</u>

## 3. OPERATING (LOSS)/PROFIT

The operating loss is stated after charging/(crediting):

	2016 £	2016 INR	2015 £	2015 INR
Auditors' remuneration	2,500	238,025	4,900	466,529
Foreign exchange differences	-	-	(3,871)	(368,558)
Directors' remuneration	-	-	-	-

## 4. TAXATION

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2016 nor for the year ended 31 March 2015.

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2016 INR	2015 £	2015 INR
Loss on ordinary activities before tax	(122,132)	(11,628,188)	(8,000)	(761,680)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 21%)	(24,426)	(2,325,599)	(1,680)	(159,953)
Effects of:				
Expenses not deductible for tax purposes	33	3,142	-	-
Capital allowances in excess of depreciation rate	(153)	(14,567)	(196)	(18,661)
Tax losses carried forward	24,546	2,337,025	1,876	178,614
Total Tax Charge	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 5. TANGIBLE FIXED ASSETS

	Plant and machinery £	Plant and machinery INR	Computer equipment £	Computer equipment INR	Total £	Total INR
<b>COST</b>						
At 1 April 2015 and 31 March 2016	104	9,902	26,195	2,494,026	26,299	2,503,928
<b>DEPRECIATION</b>						
At 1 April 2015 and 31 March 2016	104	9,902	26,195	2,494,026	26,299	2,503,928
<b>NET BOOK VALUE</b>						
At 31 March 2016	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-

## 6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2016 INR	2015 £	2015 INR
Amounts owed by group undertakings	17	1,619	2,974	283,155
VAT	-	-	945	89,973
	<u>17</u>	<u>1,619</u>	<u>3,919</u>	<u>373,128</u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2016 INR	2015 £	2015 INR
Payments on account	1,920	182,803	1,920	182,803
VAT	222	21,137	-	-
Other creditors	-	-	2,976	283,345
Accrued expenses	<u>28,887</u>	<u>2,750,331</u>	<u>3,325</u>	<u>316,574</u>
	<u><u>31,029</u></u>	<u><u>2,954,271</u></u>	<u><u>8,221</u></u>	<u><u>782,721</u></u>

**8. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value	2016 £	2015 £
2,350,000	ordinary	£1	<u><u>2,350,000</u></u>	<u><u>2,350,000</u></u>

**9. RESERVES**

	Retained earnings £	Retained earnings INR
At 1 April 2015	(1,913,782)	(182,211,184)
Deficit for the year	<u>(122,132)</u>	<u>(11,628,188)</u>
At 31 March 2016	<u><u>(2,035,914)</u></u>	<u><u>(193,839,372)</u></u>

**10. ULTIMATE PARENT COMPANY**

In the opinion of the directors, the immediate parent company is Bristlecone Limited, a company incorporated in the Cayman Islands.

The directors consider the company's ultimate holding company and controlling party to be Mahindra & Mahindra Limited which is incorporated in India.

**11. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**12. FOREIGN CURRENCY TRANSLATION**

The foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 95.21 = 1.00 GBP which is the average telegraphic transfer buying and selling rates quoted by the Mumbai Branch of the State Bank of India on 31<sup>st</sup> March 2016.

**RECONCILIATION OF EQUITY 1<sup>ST</sup> APRIL, 2014 (DATE OF TRANSITION TO FRS 102)**

	Notes	UK GAAP £	UK GAAP INR	Effect of transition to FRS 102 £	Effect of transition to FRS 102 INR	FRS 102 £	FRS 102 INR
<b>CURRENT ASSETS</b>							
Debtors	6	51,838	4,935,496	–	–	51,838	4,935,496
Cash at bank		408,641	38,906,710	–	–	408,641	38,906,710
		<u>460,479</u>	<u>43,842,206</u>	<u>–</u>	<u>–</u>	<u>460,479</u>	<u>43,842,206</u>
<b>CREDITORS</b>							
Amounts falling due within one year	7	(16,261)	(1,548,210)	–	–	(16,261)	(1,548,210)
<b>NET CURRENT ASSETS</b>		<u>444,218</u>	<u>42,293,996</u>	<u>–</u>	<u>–</u>	<u>444,218</u>	<u>42,293,996</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>444,218</u>	<u>42,293,996</u>	<u>–</u>	<u>–</u>	<u>444,218</u>	<u>42,293,996</u>
<b>NET ASSETS</b>		<u>444,218</u>	<u>42,293,996</u>	<u>–</u>	<u>–</u>	<u>444,218</u>	<u>42,293,996</u>
<b>CAPITAL AND RESERVES</b>							
Called up share capital	9	2,350,000	223,743,500	–	–	2,350,000	223,743,500
Retained earnings	10	(1,905,782)	(181,449,504)	–	–	(1,905,782)	(181,449,504)
<b>SHAREHOLDERS' FUNDS</b>		<u>444,218</u>	<u>42,293,996</u>	<u>–</u>	<u>–</u>	<u>444,218</u>	<u>42,293,996</u>

The notes form part of these financial statements

RECONCILIATION OF EQUITY 31<sup>ST</sup> MARCH, 2015 (CONTINUED)

	Notes	UK GAAP £	UK GAAP INR	Effect of transition to FRS 102 £	Effect of transition to FRS 102 INR	FRS 102 £	FRS 102 INR
<b>CURRENT ASSETS</b>							
Debtors	6	3,919	373,128	–	–	3,919	373,128
Cash at bank		440,520	41,941,909	–	–	440,520	41,941,909
		<u>444,439</u>	<u>42,315,037</u>	<u>–</u>	<u>–</u>	<u>444,439</u>	<u>42,315,037</u>
<b>CREDITORS</b>							
Amounts falling due within one year	7	(8,221)	(782,721)	–	–	(8,221)	(782,721)
<b>NET CURRENT ASSETS</b>							
		436,218	41,532,316	–	–	436,218	41,532,316
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>							
		<u>436,218</u>	<u>41,532,316</u>	<u>–</u>	<u>–</u>	<u>436,218</u>	<u>41,532,316</u>
<b>NET ASSETS</b>							
		<u>436,218</u>	<u>41,532,316</u>	<u>–</u>	<u>–</u>	<u>436,218</u>	<u>41,532,316</u>
<b>CAPITAL AND RESERVES</b>							
Called up share capital	9	2,350,000	223,743,500	–	–	2,350,000	223,743,500
Retained earnings	10	(1,913,782)	(182,211,184)	–	–	(1,913,782)	(182,211,184)
<b>SHAREHOLDERS' FUNDS</b>							
		<u>436,218</u>	<u>41,532,316</u>	<u>–</u>	<u>–</u>	<u>436,218</u>	<u>41,532,316</u>

The notes form part of these financial statements

**RECONCILIATION OF LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

	UK GAAP £	UK GAAP INR	Effect of transition to FRS 102 £	INR	FRS 102 £	INR
<b>TURNOVER</b>						
Administrative expenses	(8,190)	(779,770)	–	–	(8,190)	(779,770)
<b>OPERATING LOSS</b>	(8,190)	(779,770)	–	–	(8,190)	(779,770)
Interest receivable and similar income	190	18,090	–	–	190	18,090
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(8,000)	(761,680)	–	–	(8,000)	(761,680)
Tax on loss on ordinary activities	–	–	–	–	–	–
<b>LOSS FOR THE FINANCIAL YEAR</b>	(8,000)	(761,680)	–	–	(8,000)	(761,680)

The notes form part of these financial statements

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	2016 £	2016 INR	2015 £	2015 INR
Income	–	–	–	–
<b>Other income</b>				
Deposit account interest	296	28,182	190	18,090
	<b>296</b>	<b>28,182</b>	<b>190</b>	<b>18,090</b>
<b>Expenditure</b>				
Wages	67,841	6,459,142	6,070	577,925
Social security	5,622	535,271	(107)	(10,187)
Pensions	4,900	466,529	–	–
Staff Welfare	1,719	163,666	–	–
Postage and Stationery	9	857	–	–
Telephone & Fax Services	1,566	149,099	541	51,509
Entertainment	168	15,995	–	–
Travelling	4,442	422,923	–	–
Licenses	2,136	203,369	–	–
Sundry expenses	12	1,143	–	–
Bonus	23,639	2,250,669	(4,107)	(391,027)
Professional Expenses	7,425	706,934	4,238	403,500
Auditors' remuneration	2,500	238,025	4,900	466,529
Foreign exchange losses	–	–	(3,871)	(368,558)
	<b>121,979</b>	<b>11,613,622</b>	<b>7,664</b>	<b>729,691</b>
	<b>(121,683)</b>	<b>(16,232,831)</b>	<b>(7,474)</b>	<b>(891,644)</b>
<b>Finance costs</b>				
Bank charges	449	42,749	526	50,080
<b>NET LOSS</b>	<b>(122,132)</b>	<b>(11,628,188)</b>	<b>(8,000)</b>	<b>(761,679)</b>

This page does not form part of the statutory financial statements

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Bristlecone International AG was incorporated on 21<sup>st</sup> June, 2011 under the laws of Switzerland. Your Directors' present their Report together with the audited accounts for the year ended 31<sup>st</sup> March, 2016.

**Financial Results**

<b>Particulars</b>	<b>Year ended</b>	<b>Year ended</b>	Year ended	Year ended
	<b>31<sup>st</sup> March,</b>	<b>31<sup>st</sup> March,</b>	31 <sup>st</sup> March,	31 <sup>st</sup> March,
	<b>2016</b>	<b>2016</b>	2015	2015
	<b>(CHF)</b>	<b>(INR)</b>	(CHF)	(INR)
Gross Sales.....	<b>3,099,711</b>	<b>212,857,148</b>	1,924,761	132,173,345
Other Income.....	<b>69,931</b>	<b>4,802,161</b>	42,655	2,929,102
<b>Total.....</b>	<b><u>3,169,642</u></b>	<b><u>217,659,309</u></b>	<u>1,967,416</u>	<u>135,102,447</u>
Profit/(Loss) before Interest, Depreciation, Taxation.....	<b>592,909</b>	<b>40,715,053</b>	(872,724)	(59,929,966)
Less: Depreciation.....	<b>3,089</b>	<b>212,108</b>	2,582	177,322
<b>Profit/(Loss) before Tax.....</b>	<b><u>589,820</u></b>	<b><u>40,502,945</u></b>	<u>(875,306)</u>	<u>(60,107,288)</u>
Tax on Income.....	<b>2,460</b>	<b>168,928</b>	-	-
<b>Net Profit/(Loss) after Tax.....</b>	<b><u>587,360</u></b>	<b><u>40,334,017</u></b>	<u>(875,306)</u>	<u>(60,107,288)</u>
Balance of Profit for earlier years.....	<b>224,163</b>	<b>15,393,286</b>	1,114,469	76,530,624
Less: Transfer to Legal Reserve.....	-	-	15,000	1,030,050
<b>Profit &amp; Loss Account Balance carried forward.....</b>	<b><u>811,523</u></b>	<b><u>55,727,303</u></b>	<u>224,163</u>	<u>15,393,286</u>

**Share Capital**

The Company's share capital is CHF 100,000 (INR 6,867,000) [Previous year CHF 100,000 (INR 6,867,000)] of which CHF 50,000 (INR 3,433,500) [Previous year CHF 50,000 (INR 3,433,500)] is non paid-up.

**Directors' Responsibility Statement**

The Directors state as an averment of the responsibility that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) the directors had prepared the annual accounts on a going concern basis; and

(v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Management and Representative Authority**

Mr. Irfan Khan, Mr. Kulashekar Raghavan and Mr. Srinivas Nair are Directors of the Company. Mr. Rajesh Kalra has resigned as a director of the Company with effect from 28<sup>th</sup> May 2015.

**Auditors**

The auditors BDO Ltd., Hodlerstrasse 5, CH-3001 Berne, have expressed their willingness to accept re-appointment.

For and on behalf of the Board

**Kulashekar Raghavan**  
Director

Place : Schaffhausen  
Date : 20<sup>th</sup> April, 2016



## REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2015/16

(for the period of 1 April 2015 until 31 March 2016)

### Report of the statutory auditor on the limited statutory examination to the general shareholders' meeting of Bristlecone International AG, Schaffhausen

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of Bristlecone International AG for the year ended 31 March 2016.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures

as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the accompanying financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Berne, 20 April 2016

BDO Ltd

Karel Hojac  
Licensed Audit Expert  
Auditor in Charge

ppa Simon Kehrli  
Licensed Audit Expert

Enclosures

Financial statements

Proposed appropriation of available earnings

**BALANCE SHEET AS PER 31<sup>ST</sup> MARCH, 2016**

<b>ASSETS</b>	<b>31.03.2016</b> CHF	<b>31.03.2016</b> INR	<b>31.03.2015</b> CHF	<b>31.03.2015</b> INR
<b>Current assets</b>				
Cash and cash equivalents.....	414,410.77	28,457,587.58	178,533.61	12,259,903.00
Accounts receivables due from				
group companies .....	89,172.01	6,123,441.93	–	–
third parties.....	506,974.79	34,813,958.83	491,204.03	33,730,980.74
Other receivables.....	56,991.98	3,913,639.27	101,948.47	7,000,801.43
Services in progress.....	1,056,583.69	72,555,601.99	77,929.33	5,351,407.09
Accrued income and prepaid expenses.....	11,562.39	793,989.32	16,749.05	1,150,157.26
	<b>2,135,695.63</b>	<b>146,658,218.92</b>	<b>866,364.49</b>	<b>59,493,249.52</b>
<b>Non current assets</b>				
Financial assets .....	6,000.00	412,020.00	6,000.00	412,020.00
Office equipment .....	6,318.44	433,887.27	5,859.53	402,373.93
Non paid up share capital.....	50,000.00	3,433,500.00	50,000.00	3,433,500.00
	<b>62,318.44</b>	<b>4,279,407.27</b>	<b>61,859.53</b>	<b>4,247,893.93</b>
<b>TOTAL ASSETS .....</b>	<b>2,198,014.07</b>	<b>150,937,626.19</b>	<b>928,224.02</b>	<b>63,741,143.45</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>				
<b>Liabilities</b>				
Accounts payable due to group companies.....	1,035,310.13	71,094,746.63	313,544.65	21,531,111.12
Other payables .....	37,734.53	2,591,230.18	24,275.90	1,667,026.05
Deferred income and accrued expenses .....	163,446.15	11,223,847.12	216,240.29	14,849,220.71
<b>Short term liabilities .....</b>	<b>1,236,490.81</b>	<b>84,909,823.93</b>	<b>554,060.84</b>	<b>38,047,357.88</b>
<b>Shareholder's equity</b>				
Share capital.....	100,000.00	6,867,000.00	100,000.00	6,867,000.00
Statutory reserves.....	50,000.00	3,433,500.00	50,000.00	3,433,500.00
Voluntary retained earnings				
– Balance brought forward from prior year.....	224,163.18	15,393,285.57	1,099,469.55	75,500,574.00
– Result for the period .....	587,360.08	40,334,016.69	(875,306.37)	(60,107,288.43)
<b>Total voluntary retained earnings .....</b>	<b>811,523.26</b>	<b>55,727,302.26</b>	<b>224,163.18</b>	<b>15,393,285.57</b>
<b>Total shareholder's equity .....</b>	<b>961,523.26</b>	<b>66,027,802.26</b>	<b>374,163.18</b>	<b>25,693,785.57</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY .....</b>	<b>2,198,014.07</b>	<b>150,937,626.19</b>	<b>928,224.02</b>	<b>63,741,143.45</b>

Bristlecone International AG

Schaffhausen,  
Date: 20<sup>th</sup> April, 2016R. Kulashekar  
Director

## INCOME STATEMENT FOR THE YEAR ENDED

	2015/16 CHF	2015/16 INR	2014/15 CHF	2014/15 INR
Income from services .....	2,121,056.54	145,652,952.60	2,429,739.30	166,850,197.73
Changes services in progress .....	978,654.36	67,204,194.90	(504,978.20)	(34,676,852.99)
Provision for doubtful debts .....	(5,914.47)	(406,146.65)	(176,298.62)	(12,106,426.24)
<b>Net income</b> .....	<b>3,093,796.43</b>	<b>212,451,000.85</b>	<b>1,748,462.48</b>	<b>120,066,918.50</b>
Services expenses .....	(2,000,011.14)	(137,340,764.98)	(1,517,428.83)	(104,201,837.76)
<b>Gross result I</b> .....	<b>1,093,785.29</b>	<b>75,110,235.87</b>	<b>231,033.65</b>	<b>15,865,080.74</b>
Personnel expenses .....	(325,262.01)	(22,335,742.23)	(788,074.33)	(54,117,064.24)
<b>Gross result II</b> .....	<b>768,523.28</b>	<b>52,774,493.64</b>	<b>(557,040.68)</b>	<b>(38,251,983.50)</b>
Rental expenses .....	(43,728.15)	(3,002,812.06)	(43,729.00)	(3,002,870.43)
Administrative expenses .....	(64,234.95)	(4,411,014.02)	(80,486.22)	(5,526,988.73)
Consulting, accounting and audit fees .....	(61,491.99)	(4,222,654.95)	(59,282.94)	(4,070,959.49)
<b>Operating result before depreciation</b> .....	<b>599,068.19</b>	<b>41,138,012.61</b>	<b>(740,538.84)</b>	<b>(50,852,802.15)</b>
Depreciation .....	(3,088.80)	(212,107.90)	(2,582.24)	(177,322.42)
<b>Operating result (level EBIT)</b> .....	<b>595,979.39</b>	<b>40,925,904.71</b>	<b>(743,121.08)</b>	<b>(51,030,124.57)</b>
Financial income .....	61,792.99	4,243,324.62	40,263.25	2,764,877.38
Financial expenses .....	(76,090.30)	(5,225,120.90)	(174,840.04)	(12,006,265.55)
Other income .....	1,574.90	108,148.38	2,391.50	164,224.31
Extraordinary income .....	6,563.10	450,688.08	–	–
<b>Result before taxes</b> .....	<b>589,820.08</b>	<b>40,502,944.89</b>	<b>(875,306.37)</b>	<b>(60,107,288.43)</b>
Taxes .....	(2,460.00)	(168,928.20)	–	–
<b>Result for the year</b> .....	<b>587,360.08</b>	<b>40,334,016.69</b>	<b>(875,306.37)</b>	<b>(60,107,288.43)</b>

Bristlecone International AG

Schaffhausen,  
Date: 20<sup>th</sup> April, 2016

R. Kulashekar  
Director

**NOTES TO THE FINANCIAL STATEMENTS AS PER 31<sup>ST</sup> MARCH, 2016****Accounting principles applied in the preparation for the financial statements**

These financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). For comparability the figures of the previous year have been adapted to the structure of the new Swiss accounting law.

	31.03.2016 CHF	31.03.2016 INR	31.03.2015 CHF	31.03.2015 INR
<b>Disclosure on balance sheet items</b>				
Accounts receivables due from				
third parties.....	506,974.79	34,813,958.83	703,532.03	48,311,544.50
provision for doubtful debts.....	–	–	(212,328.00)	(14,580,563.76)
<b>Net book value.....</b>	<u>506,974.79</u>	<u>34,813,958.83</u>	<u>491,204.03</u>	<u>33,730,980.74</u>
<b>Services in progress .....</b>	<u>1,056,583.69</u>	<u>72,555,601.99</u>	<u>77,929.33</u>	<u>5,351,407.09</u>

The services in progress are valued as below:-

- a) Fixed Price Projects - Based on the percentage-of-completion method
- b) Time & Material Projects - Based on the efforts and customer approved billing rate card

	31.03.2016 CHF	31.03.2016 INR	31.03.2015 CHF	31.03.2015 INR
<b>Disclosure on income statement items</b>				
<b>Extraordinary income</b>				
Reversal of tax provisions for 2014 .....	4,880.65	335,154.24	–	–
Reversal of tax provisions for 2015 .....	1,682.45	115,533.84	–	–
	<u>6,563.10</u>	<u>450,688.08</u>	<u>–</u>	<u>–</u>

**Full-time equivalents**

The annual average number of full-time equivalents for the reporting period, as well as the previous year, were below 10.

**Translation into Indian Rupees**

The amounts in CHF are translated for convenience into India Rupees at the exchange rate of CHF 1 = INR 68.67, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2016.

**PROPOSED APPROPRIATION OF AVAILABLE EARNINGS**

	31.03.2016 CHF	31.03.2016 INR	31.03.2015 CHF	31.03.2015 INR
Balance brought forward from prior year .....	224,163.18	15,393,285.57	1,099,469.55	75,500,574.00
Result for the period .....	587,360.08	40,334,016.69	(875,306.37)	(60,107,288.43)
<b>Total voluntary retained earnings .....</b>	<u>811,523.26</u>	<u>55,727,302.26</u>	<u>224,163.18</u>	<u>15,393,285.57</u>
<b>Motion of the board of directors:</b>				
Balance to be carried forward to new period..	811,523.26	55,727,302.26	224,163.18	15,393,285.57

**Bristlecone International AG**

Schaffhausen,  
Date: 20<sup>th</sup> April, 2016

R. Kulashekar  
Director

**MAHINDRA - BT INVESTMENT COMPANY (MAURITIUS) LIMITED**

**CORPORATE DATA**

		<b>Appointed on</b>
<b>DIRECTORS</b>	: Couldiplall Basanta Lala	09 May 2005
	Abdool Fareed Soreefan	09 May 2005
	Ulhas Narayan Yargop	09 May 2005
	Zakir Hussein Niamut	25 January 2013
	Rupert Henry Orchard	31 October 2014
<b>ADMINISTRATOR, REGISTRAR, SECRETARY &amp; MAURITIAN TAX AGENT</b>	: International Financial Services Limited IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius	
<b>REGISTERED OFFICE</b>	: IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius	
<b>AUDITORS</b>	: Grant Thornton Ebene Tower 52 Cybercity Ebene 72201 Republic of Mauritius	
<b>BANKER</b>	: Standard Chartered Bank (Mauritius) Limited Units 6A and 6B, 6 <sup>th</sup> Floor, Raffles Tower Lot 19, Cybercity Ebene 72201 Republic of Mauritius	

## COMMENTARY OF THE DIRECTORS

### FOR THE YEAR ENDED 31 MARCH 2016

The directors are pleased to present the audited financial statements of **Mahindra - BT Investment Company (Mauritius) Limited**, the ("Company"), for the year ended 31 March 2016.

### PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

### RESULTS

The results for the year are shown in the statement of comprehensive income and related notes.

The directors did not recommend the payment of dividend for the year under review.

### DIRECTORS

The present membership of the Board is set out in this report. There has been no change during the year under review.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

The auditors, **Grant Thornton**, have indicated their willingness to continue in office until the next Annual Meeting.

### CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Mahindra - BT Investment Company (Mauritius) Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2016.

---

**For International Financial Services Limited  
Secretary**

#### Registered Office:

IFS Court  
TwentyEight  
Cybercity  
Ebene 72201  
Republic of Mauritius

**Date: 25 May, 2016**

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF MAHINDRA – BT INVESTMENT COMPANY (MAURITIUS) LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Mahindra - BT Investment Company (Mauritius) Limited**, the "Company", which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements on pages herein give a true and fair view of the financial position of the Company as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

#### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

#### Other Matters

This report is made solely to the members of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

**Grant Thornton**  
Chartered Accountants

**K RAMCHURUN, FCCA**  
Licensed by FRC

**Date: 25 May, 2016**  
**Ebene, Republic of Mauritius**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016	2016	2015	2015
		USD	INR (Note 1)	USD	INR (Note 1)
<b>INCOME</b>					
Interest income .....		118,575	7,866,858	108,588	7,204,271
Dividend .....		22,801	1,512,733	19,643	1,303,215
		<u>141,376</u>	<u>9,379,591</u>	<u>128,231</u>	<u>8,507,486</u>
<b>EXPENDITURE</b>					
Professional fees .....	12	72,774	4,828,191	19,277	1,278,933
Audit fees .....		4,046	268,432	4,928	326,948
Licence fees .....		2,493	165,398	2,499	165,796
Bank charge.....		1,875	124,397	1,025	68,004
		<u>81,188</u>	<u>5,386,418</u>	<u>27,729</u>	<u>1,839,681</u>
<b>PROFIT BEFORE TAX</b> .....		<b>60,188</b>	<b>3,993,173</b>	100,502	6,667,805
Tax expense .....	8	-	-	-	-
<b>PROFIT FOR THE YEAR</b> .....		<b>60,188</b>	<b>3,993,173</b>	100,502	6,667,805
<b>OTHER COMPREHENSIVE INCOME:</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i> .....		-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value (loss)/gain on available-for-sale financial asset.....	9	(704,540)	(46,742,706)	629,699	41,777,380
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b> .....		<b>(704,540)</b>	<b>(46,742,706)</b>	629,699	41,777,380
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b> .....		<b>(644,352)</b>	<b>(42,749,533)</b>	730,201	48,445,185

The notes to accounts form an integral part of these financial statements.



## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016	2016	2015	2015
		USD	INR	USD	INR
			(Note 1)		(Note 1)
<b>ASSETS</b>					
<b>Non-current</b>					
Available-for-sale financial asset .....	9	1,739,216	115,388,286	2,443,756	162,130,992
<b>Current</b>					
Prepayments .....		2,840	188,420	2,839	188,353
Cash and cash equivalents.....	10	22,469,348	1,490,728,893	22,408,995	1,486,724,773
<b>Current assets</b> .....		<b>22,472,188</b>	<b>1,490,917,313</b>	<b>22,411,834</b>	<b>1,486,913,126</b>
<b>Total assets</b> .....		<b>24,211,404</b>	<b>1,606,305,599</b>	<b>24,855,590</b>	<b>1,649,044,118</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital .....	11	11,880,000	788,178,600	11,880,000	788,178,600
Fair value reserves.....	9	1,649,171	109,414,250	2,353,711	156,156,956
Retained earnings.....		10,673,474	708,131,633	10,613,286	704,138,460
<b>Total equity</b> .....		<b>24,202,645</b>	<b>1,605,724,483</b>	<b>24,846,997</b>	<b>1,648,474,016</b>
<b>Liabilities</b>					
<b>Current</b>					
Accruals .....		8,759	581,116	8,593	570,102
<b>Total equity and liabilities</b> .....		<b>24,211,404</b>	<b>1,606,305,599</b>	<b>24,855,590</b>	<b>1,649,044,118</b>

Approved by the Board of Directors on 25 May, 2016 and signed on its behalf by:

**Zakir Hussein Niamut**  
Director

**Abdool Fareed Soreefan**  
Director

The notes to accounts form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016**

	Stated capital	Fair value reserves	Retained earnings	Total
	USD	USD	USD	USD
Balance at 01 April 2014.....	11,880,000	1,724,012	10,512,784	24,116,796
Profit for the year.....	–	–	100,502	100,502
Other comprehensive income.....	–	629,699	–	629,699
Total comprehensive income for the year.....	–	629,699	100,502	730,201
Balance at 31 March 2015.....	11,880,000	2,353,711	10,613,286	24,846,997
<b>Balance at 01 April 2015.....</b>	<b>11,880,000</b>	<b>2,353,711</b>	<b>10,613,286</b>	<b>24,846,997</b>
<b>Profit for the year.....</b>	<b>–</b>	<b>–</b>	<b>60,188</b>	<b>60,188</b>
<b>Other comprehensive loss.....</b>	<b>–</b>	<b>(704,540)</b>	<b>–</b>	<b>(704,540)</b>
<b>Total comprehensive (loss)/income for the year.....</b>	<b>–</b>	<b>(704,540)</b>	<b>60,188</b>	<b>(644,352)</b>
<b>Balance at 31 March 2016.....</b>	<b>11,880,000</b>	<b>1,649,171</b>	<b>10,673,474</b>	<b>24,202,645</b>

	Stated capital	Fair value reserves	Retained earnings	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Balance at 01 April 2014.....	788,178,600	114,379,576	697,470,655	1,600,028,831
Profit for the year.....	–	–	6,667,805	6,667,805
Other comprehensive income.....	–	41,777,380	–	41,777,380
Total comprehensive income for the year.....	–	41,777,380	6,667,805	48,445,185
Balance at 31 March 2015.....	788,178,600	156,156,956	704,138,460	1,648,474,016
<b>Balance at 01 April 2015.....</b>	<b>788,178,600</b>	<b>156,156,956</b>	<b>704,138,460</b>	<b>1,648,474,016</b>
<b>Profit for the year.....</b>	<b>–</b>	<b>–</b>	<b>3,993,173</b>	<b>3,993,173</b>
<b>Other comprehensive loss.....</b>	<b>–</b>	<b>(46,742,706)</b>	<b>–</b>	<b>(46,742,706)</b>
<b>Total comprehensive (loss)/ income for the year.....</b>	<b>–</b>	<b>(46,742,706)</b>	<b>3,993,173</b>	<b>(42,749,533)</b>
<b>Balance at 31 March 2016.....</b>	<b>788,178,600</b>	<b>109,414,250</b>	<b>708,131,633</b>	<b>1,605,724,483</b>

The notes to accounts form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	2016	2016	2015	2015
	USD	INR (Note 1)	USD	INR (Note 1)
<b>Operating activities</b>				
Profit before tax .....	60,188	3,993,173	100,502	6,667,805
<i>Adjustments for:</i>				
Dividend .....	(22,801)	(1,512,733)	(19,643)	(1,303,215)
Interest income .....	(118,575)	(7,866,858)	(108,588)	(7,204,271)
<b>Operating loss before working capital changes .....</b>	<b>(81,188)</b>	<b>(5,386,418)</b>	<b>(27,729)</b>	<b>(1,839,681)</b>
<i>Changes in working capital:</i>				
Increase in prepayments.....	(1)	(66)	(1)	(66)
Increase in accruals.....	166	11,013	516	34,234
<b>Total changes in working capital .....</b>	<b>165</b>	<b>10,947</b>	<b>515</b>	<b>34,168</b>
<b>Net cash used in operating activities .....</b>	<b>(81,023)</b>	<b>(5,375,471)</b>	<b>(27,214)</b>	<b>(1,805,513)</b>
<b>Investing activities</b>				
Interest received .....	118,575	7,866,858	108,588	7,204,271
Dividend received .....	22,801	1,512,733	19,643	1,303,215
<b>Net cash from investing activities .....</b>	<b>141,376</b>	<b>9,379,591</b>	<b>128,231</b>	<b>8,507,486</b>
<b>Net change in cash and cash equivalents .....</b>	<b>60,353</b>	<b>4,004,120</b>	<b>101,017</b>	<b>6,701,973</b>
Cash and cash equivalents, beginning of year.....	22,408,995	1,486,724,773	22,307,978	1,480,022,800
<b>Cash and cash equivalents, end of year .....</b>	<b>22,469,348</b>	<b>1,490,728,893</b>	<b>22,408,995</b>	<b>1,486,724,773</b>
<b>Cash and cash equivalents made up of:</b>				
Cash at bank (Note 10).....	22,469,348	1,490,728,893	22,408,995	1,486,724,773

The notes to accounts form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra– BT Investment Company (Mauritius) Limited, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 09 May 2005 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the USD amounts actually represent, or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of 1 USD = INR 66.345 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the two years ended 31 March 2015 and 31 March 2016 respectively.

### 2. APPLICATION OF NEW AND REVISED IFRS

#### 2.1 New and revised standards that are effective for the annual year beginning on 01 April 2015

The Company has applied the following new and revised standards issued by the International Accounting Standards Board ("IASB") that are mandatory for the first time for the financial year beginning on 01 April 2015:

IAS 19	Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
Various	Annual Improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle

The directors have assessed the impact of these revised standards and amendments and concluded that only IAS 24, *Related Party Disclosure*, as defined in Annual Improvements to IFRSs 2010-2012 cycle has an impact on the disclosures of these financial statements.

#### 2.2 Standards, Amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first year beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below.

IAS 7	Disclosure Initiative (Amendments to IAS 7)
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
IFRS 16	Leases
IFRS 9	Financial Instruments (2014)
IFRS 15	Revenue from Contracts with Customers
IFRS for SMEs	Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities
IAS 1	Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint
and IAS 28	Venture (Amendments to IFRS 10 and IAS 28)
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)
IAS 16 and	
IAS 41	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
IAS 16 and	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 38	(Amendments to IAS 38 and IAS 16)
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
IFRS 14	Regulatory Deferral Accounts
Various	Annual Improvements to IFRSs 2012-2014 Cycle

### 3. SUMMARY OF ACCOUNTING POLICIES

#### 3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

#### 3.2 Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

#### 3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

#### 3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

#### 3.5 Financial instruments

##### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

##### Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into available-for-sale financial assets and loans and receivables.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

*Available-for-sale financial assets*

An available-for-sale financial asset is a non-derivative financial asset that is either designated to this category or does not qualify for inclusion in any of the other categories of financial assets.

The Company's main financial asset comprises an investment in a listed company which is classified as an available-for-sale financial asset. This category determines subsequent measurement and whether any resulting income and expense is recognised in the statement of comprehensive income.

The investment is measured at fair value and the resulting temporary unrealised gains/(losses) (including unrealised foreign exchange gains/(losses) on retranslation at the closing rate, if any) are reported as a separate component of equity in "Fair Value Reserves", until the underlying investment is sold or permanently written off, when the total realised gains/(losses) are included in the statement of comprehensive income.

The valuation of investments may not necessarily represent the amounts that may eventually be realised from sales or other dispositions.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents fall into this category of financial instruments.

**Classification and subsequent measurement of financial liabilities**

The Company's financial liabilities consist of accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**3.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**3.7 Equity and reserves**

Stated capital is determined using the value of shares that have been issued.

Retained earnings include all current and prior years' results as disclosed in the statement of comprehensive income.

Fair value reserves relate to the unrealised gains/losses arising out from the re-measurement of an available-for-sale financial asset to its fair value.

**3.8 Related parties**

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

**3.9 Foreign currency translation**

*Functional and presentation currency*

The financial statements are presented in United States Dollar ("USD"), which is also the functional currency of the Company.

*Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**3.10 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

**3.11 Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION CERTAINTY**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Significant management judgement**

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set below.

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

**Estimation uncertainty**

There are no estimates that would affect the recognition and measurement of assets, liabilities, income and expenses.

**5. FINANCIAL INSTRUMENT RISK**

**Risk management objectives and policies**

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2016	2016	2015	2015
	USD	INR	USD	INR
<b>Financial assets</b>				
<b>Non-current</b>				
<i>Available-for-sale financial asset:</i>				
Investment in Tech Mahindra Limited	1,739,216	115,388,286	2,443,756	162,130,992

	2016	2016	2015	2015
	USD	INR	USD	INR
		(Note 1)		(Note 1)
<b>Current</b>				
<i>Loans and receivables:</i>				
Cash and cash equivalents	22,469,348	1,490,728,893	22,408,995	1,486,724,773
<b>Total financial assets</b>	<b>24,208,564</b>	<b>1,606,117,179</b>	24,852,751	1,648,855,765
<b>Financial liabilities</b>				
<b>Current</b>				
<i>Financial liabilities measured at amortised cost:</i>				
Accruals	8,759	581,116	8,593	570,102

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate measures and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

### 5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and other price risk, which result from both its operating and investing activities.

#### Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: *Financial Instruments: Disclosures*, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign exchange risk on account of its available-for-sale financial asset denominated in the Indian Rupee (INR).

The currency profile of its financial assets and financial liabilities is as follows:

	Financial assets 2016	Financial liabilities 2016	Financial assets 2015	Financial liabilities 2015
	USD	USD	USD	USD
<b>Long term exposure</b>				
Indian Rupee (INR)	1,739,216	-	2,443,756	-
<b>Short term exposure</b>				
United States Dollar (USD)	22,469,348	8,759	22,408,995	8,593
<b>Total exposure</b>	<b>24,208,564</b>	<b>8,759</b>	24,852,751	8,593
	Financial assets 2016	Financial liabilities 2016	Financial assets 2015	Financial liabilities 2015
	INR	INR	INR	INR
	(Note 1)	(Note 1)	(Note 1)	(Note 1)
<b>Long term exposure</b>				
Indian Rupee (INR)	115,388,286	-	162,130,992	-
<b>Short term exposure</b>				
United States Dollar (USD)	1,490,728,893	581,116	1,486,724,773	570,102
<b>Total exposure</b>	<b>1,606,117,179</b>	<b>581,116</b>	1,648,855,765	570,102

The following analysis illustrates the sensitivity of profit and equity in regard to the Company's financial assets and financial liabilities and the USD/INR exchange rate, "all other things being equal".

It assumes a 6% change of the USD/INR exchange rate for the year ended 31 March 2016 (31 March 2015: 4%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the USD had strengthened against the INR by 6%, other comprehensive income and equity would have decreased by **USD 98,450** (2014: USD 97,750). If the USD had weakened against the INR by 6%, then other comprehensive income and equity would have increased by **USD 98,450** (2014: USD 97,750). There would be no impact on profit or loss for the year as the investments denominated in INR are listed securities classified as available-for-sale financial asset.

#### Interest rate sensitivity

The Company's exposure to interest rate risk is limited to its bank balance and the interest thereon is based on market interest rates. At 31 March 2016, the bank balance stood at USD 22,434,906 (2015: USD 22,391,133) and bank interest income earned during the year was USD 118,575 (2015: USD 108,588). A change in the market interest rate would only impact marginally on the Company's operating cash flows.

#### Other price sensitivity

The Company is exposed to other price risk in respect of its available-for-sale financial asset, which is listed on the Bombay Stock Exchange and the National Stock Exchange of India. The average volatility observed in the share prices during the year ended 31 March 2016 is shown in the table below:

Name of investee company	% decrease in share price 2016	% increase in share price 2015
Tech Mahindra Limited	25%	38%

If the quoted stock prices for these securities increased or decreased by the above percentages, other comprehensive income and equity would have changed as shown below at 31 March 2016:

	Other comprehensive income and equity			
	2016 USD	2016 INR	2015 USD	2015 INR
		(Note 1)		(Note 1)
Increase	434,804	28,847,071	928,627	61,609,758
Decrease	(434,804)	(28,847,071)	(928,627)	(61,609,758)

The listed securities are classified as an available-for-sale financial asset and therefore no effect on profit or loss has occurred.

### 5.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2016 USD	2016 INR	2015 USD	2015 INR
		(Note 1)		(Note 1)
<b>ASSETS</b>				
<b>Non-current</b>				
Available-for-sale financial asset	1,739,216	115,388,286	2,443,756	162,130,992
<b>Current</b>				
Cash and cash equivalents	22,469,348	1,490,728,893	22,408,995	1,486,724,773
<b>Total assets</b>	<b>24,208,564</b>	<b>1,606,117,179</b>	24,852,751	1,648,855,765

The Company holds an investment in Tech Mahindra Limited, a listed company incorporated in the Republic of India and whose fair value exceeds its cost (Note 9 to these financial statements).

The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings. None of the Company's financial assets are secured by collateral or other credit enhancements.

### 5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations.

The Company manages its liquidity risk by carefully monitoring all its cash inflows and outflows. Cash inflows during the year mainly relate to dividend income and cash outflows mainly relate to operating expenses.

At 31 March 2016, the Company's financial liabilities have contractual maturities which are summarised below:

	Within 1 year	More than 1 year	Within 1 year	More than 1 year
	USD	USD	INR (Note 1)	INR (Note 1)
Accruals	8,759	–	581,116	–

This compares with the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Within 1 Year	More than 1 year	Within 1 year	More than 1 year
	USD	USD	INR (Note 1)	INR (Note 1)
Accruals	8,593	–	570,102	–

## 6. FAIR VALUE MEASUREMENT

### 6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 March 2015 and 31 March 2016:

31 March 2016	Note	Level 1	Level 2	Level 3	Total
		USD	USD	USD	USD
<b>Assets</b>					
Listed investment	(i)	1,739,216	–	–	1,739,216

31 March 2016	Note	Level 1	Level 2	Level 3	Total
		INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
<b>Assets</b>					
Listed investment	(i)	115,388,286	–	–	115,388,286

31 March 2015	Note	Level 1	Level 2	Level 3	Total
		USD	USD	USD	USD
<b>Assets</b>					
Listed investment	(i)	2,443,756	–	–	2,443,756

31 March 2015	Note	Level 1	Level 2	Level 3	Total
		INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)

### Assets

Listed investment	(i)	162,130,992	–	–	162,130,992
-------------------	-----	-------------	---	---	-------------

There has been no transfer between Level 1 and Level 2 in 2016 and 2015.

### Measurement of fair value

The methods used for the purpose of measuring fair value are unchanged compared with the previous reporting year.

#### (i) Listed investment

The listed equity investment is denominated in INR and is publicly traded on the Bombay Stock Exchange and the National Stock Exchange of India. Fair values have been determined by reference to its quoted closing share price at the reporting date.

The Company's other financial assets and financial liabilities are measured at their carrying amounts, which approximate to their fair values.

### 6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of prepayments only, for which fair value measurement is not applicable since it is not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

## 7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its members, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the years ended 31 March 2015 and 31 March 2016 respectively, the Company was not geared.

## 8. TAXATION

### (i) Income tax

Under current laws and regulations, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income, thus reducing its maximum effective tax rate to 3%. Capital gains from sales of units and securities are exempt from income tax in the Republic of Mauritius.

The Company has received a tax residence certificate from the Mauritian authorities, confirming that the Company is a tax resident of the Republic of Mauritius, which is renewable on an annual basis, subject to meeting certain conditions and under which the Company is eligible to obtain benefits under the Double Taxation Avoidance Agreement between the Republic of Mauritius and the Republic of India.

At 31 March 2016, the Company has accumulated tax losses of USD 131,101 which will be carried forward and available for set off against future taxable profits as follows:

	USD	INR (Note 1)
Up to the year ending 31 March 2017	71,778	4,762,111
Up to the year ending 31 March 2018	50,821	3,371,719
Up to the year ending 31 March 2019	8,502	564,065
	131,101	8,697,895

During the year under review, part of tax losses incurred in the year ended 31 March 2011 has been utilised against the chargeable income earned and the balance of USD 14,551 has lapsed.

(ii) **Deferred taxation**

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2016, the Company had no temporary differences and hence no deferred taxation is to be recognised in the financial statements.

(iii) **Income tax reconciliation**

The income tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2016	2016	2015	2015
	USD	INR	USD	INR
Profit before tax	60,188	3,993,173	100,502	6,667,805
Tax calculated at the rate of 3%	1,806	119,819	3,015	200,030
Exempt income not subject to tax	(3,557)	(235,989)	(3,258)	(216,152)
Expenses not allowable for tax purposes	2,043	135,543	704	46,707
Tax losses utilised	(292)	(19,373)	(461)	(30,585)
Tax expense	-	-	-	-

9. **AVAILABLE-FOR-SALE FINANCIAL ASSET**

	2016	2016	2015	2015
	USD	INR	USD	INR

(i) **Cost**

At beginning and end of year

	2016	2016	2015	2015
	USD	INR	USD	INR

(ii) **Fair value**

At beginning of year  
Fair value adjustment for the year  
At end of year

	2016	2016	2015	2015
	USD	INR	USD	INR

(iii) **Details pertaining to the listed company incorporated in the Republic of India and representing a stake of 0.02% are as follows:**

Name of investee company	Cost 2015 & 2016	Fair value 2016	Fair value 2015	Cost & 2016	Fair value 2016	Fair value 2015
	USD	USD	USD	INR	INR	INR
Tech Mahindra Limited	90,045	1,739,216	2,443,756	5,974,035	115,388,286	162,130,992

(iv) **Fair value reserves**

	2016	2016	2015	2015
	USD	INR	USD	INR

10. **CASH AND CASH EQUIVALENTS**

	2016	2016	2015	2015
	USD	INR	USD	INR

(i) The Company has fixed deposits placements with Standard Chartered Bank (Mauritius) Limited bearing interest at the rate of 0.75% per annum.

11. **STATED CAPITAL**

	2016 & 2015	2016 & 2015
	USD	INR

*Issued and fully paid:*

11,880,000 Ordinary shares of USD 1 each	11,880,000	78,178,600
--	------------	------------

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

12. **PROFESSIONAL FEES**

	2016	2016	2015	2015
	USD	INR	USD	INR

(i) Khaitan & Co were appointed to approach the Authority for Advance Rulings (AAR) in India on the question of whether capital gains realised by the Company from a sale of shares of Tech Mahindra Limited to AT&T International, Inc. on 22 March 2010 were exempt from tax in the Republic of India under the Republic of Mauritius-Republic of India Double Taxation Avoidance Agreement. Fees of USD 27,580 were paid to Khaitan & Co in respect of advising the Company on this matter.

(ii) Fees of USD 24,000 were paid to Mr Porus Kaka in respect of representing the Company at AAR court hearings.



**13. RELATED PARTY TRANSACTIONS**

During the year ended 31 March 2016, the Company had transactions with a related party. The nature, volume of transactions and balances with the related party are as follows:

Name of related party	Nature of relationship	Nature of transactions	Volume of transactions	Debit/(credit) balances at	Debit/(credit) balances at
				31 March 2016	31 March 2015
			USD	USD	USD
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Directors' fees, Secretarial fees, Tax filing fees	6,955	1,733	1,738
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Administration fees	13,013	(4,500)	(4,125)

Name of related party	Nature of relationship	Nature of transactions	Volume of transactions	Debit/(credit) balances at	Debit/(credit) balances at
				31 March 2016	31 March 2015
			INR (Note 1)	INR (Note 1)	INR (Note 1)
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Directors' fees, Secretarial fees, Tax filing fees	461,429	114,976	115,308
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Administration fees	863,347	(298,553)	(273,673)

**14. CONTINGENT ASSETS AND LIABILITIES**
Contingent assets

On 22 March 2010, the Company disposed of part of its shareholding in Tech Mahindra Limited, a listed company incorporated in India, to AT&T International, Inc. ("AT&T"). Following the withholding tax order received from the Indian Tax Authorities, AT&T withheld an amount of INR 190,061,898 as 'withholding tax' under Section 195 of the Indian Income Tax Act and paid the same into the treasury of the Government of India. In the opinion of the Company, there is no tax liability on this transaction as the Company is a resident of Mauritius and capital gains realised in India on this disposal are therefore exempt from tax in India under the Republic of Mauritius-Republic of India Double Taxation Avoidance Agreement. Accordingly, in line with the decision of its Board of Directors, the Company filed an application before the Authority for Advance Rulings in India on the taxability of capital gains in India under the said Double Taxation Avoidance Agreement. Recovery of the withholding tax suffered is contingent upon the Authority of Advance Rulings pronouncing a ruling in favour of the Company.

Contingent liabilities

At 31 March 2016, the Company had no material litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on its financial position or results.

**15. EVENTS AFTER REPORTING DATE**

There have been no events after the reporting date, which require disclosure or adjustment to the 31 March 2016 financial statements.

**16. HOLDING COMPANIES**

The directors regard Mahindra Overseas Investment Company (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company and Mahindra and Mahindra Limited, a listed company incorporated in India, as the Company's ultimate holding company.

**DIRECTORS' REPORT**

Your Directors present their Thirty-Eighth Report, together with the Audited Financial Statements of your Company for the year ended 31<sup>st</sup> March, 2016.

**FINANCIAL HIGHLIGHTS AND COMPANY'S STATE OF AFFAIRS:**

	<b>(Rs in crores)</b>	
	For the year ended 31 <sup>st</sup> March	
	<b>2016</b>	2015
Income .....	<b>1,019.03</b>	1,213.69
Profit before depreciation, interest and taxation .....	<b>101.26</b>	117.06
Less: Depreciation .....	<b>4.88</b>	5.10
Profit before interest and taxation .....	<b>96.38</b>	111.96
Less: Finance Cost .....	<b>1.36</b>	1.72
Profit before tax .....	<b>95.02</b>	110.24
Less: Provision for taxation:		
Current tax .....	<b>33.00</b>	38.46
Provision for Tax relating to earlier years .....	<b>0.42</b>	–
Deferred tax .....	<b>(0.78)</b>	(0.39)
Profit for the year after tax.....	<b>62.38</b>	72.17
Balance of profit of earlier years.....	<b>308.88</b>	264.01
Profit available for appropriation .....	<b>371.26</b>	336.18
Add: Reversal of Tax on Dividend Paid for 2014-2015 .....	<b>0.59</b>	–
Depreciation on transition to Schedule II .....	<b>0.00</b>	0.10
Proposed dividend on equity shares.....	<b>19.92</b>	16.60
Income-tax on proposed dividend.....	<b>4.06</b>	3.38
Transfer to General Reserve.....	<b>0.00</b>	7.22
Balance carried to Balance Sheet .....	<b>347.87</b>	308.88
Networth .....	<b>417.34</b>	378.35

No material changes and commitments have occurred after the close of the year till the date of this Report which affect the financial position of your Company.

**OPERATIONS**

The slowdown in the domestic auto industry resulted in lower demand for processed steel. The demand from transformer industry continued to be robust resulting in better capacity utilization and margins.

Your Company's income for the year was Rs. 1019.03 crores compared to Rs. 1213.69 crores in the previous year. The decline is owing to the subdued performance of auto industry. The power vertical continued to perform well during the year. Profit before tax for the year was at Rs. 95.02 crores as compared to Rs. 110.24 crores in the previous year.

**DIVIDEND**

Your Directors recommend a dividend @ 120% on its equity shares, i.e. Rs. 12 per equity share on 1,21,00,007 fully paid-up equity shares of Rs. 10 each and pro rata dividend of Rs. 3.60 per equity share on 1,50,00,000 partly paid-up equity shares of Rs. 10 each, Rs. 3 per equity share paid-up, aggregating Rs. 19.92 crores.

If approved by the shareholders at the ensuing Annual General Meeting, the above equity dividend will be paid to those equity shareholders whose names appear on the Register of Members as on the record date fixed for this purpose, i.e. 24<sup>th</sup> June, 2016, the date of the Annual General Meeting of the Company.

Equity dividend for the year, together with income tax thereon, will absorb a sum of Rs. 23.98 crores as against Rs. 19.98 crores paid for the previous year.

**CURRENT YEAR**

Your Company expects an improvement in auto demand which would help to improve its overall performance, during the current year.

**SUBSIDIARIES****Mahindra Steel Service Centre Limited (MSSCL):**

The financial performance of Mahindra Steel Service Centre Limited (MSSCL) was adversely impacted by the slowdown in auto demand and consequent lower job work volumes and income. Power vertical continues to perform well during the year under review. MSSCL's income for the year was Rs. 194.93 crores as against Rs. 151.06 crores in the previous year. The profit after tax stood at Rs. 5.49 crores as against Rs. 7.54 crores in the previous year.

**Mahindra MiddleEast Electrical Steel Service Centre (FZC)- (MME):**

The financial performance of Mahindra MiddleEast Electrical Steel Service Centre (FZC) (MME) was affected during the year on account of muted demand. The total income of MME for the year under review decreased to USD 5.68 million (INR 376.59 million) from USD 6.07 million (INR 403.02 million), a decrease of nearly 6%.

Profit for the year was USD 0.05 million (INR 3.70 million) as compared to USD 0.00 million (INR 0.25 million) in the previous year through improved cost efficiencies.

The transformer core line remained under-utilised during the year under review.

#### **Mahindra Electrical Steel Private Limited (MESPL):**

Mahindra Electrical Steel Private Limited (MESPL) is in the process of evaluating options for its projects. During the year under review, MESPL had sold its land at Naini at a profit. During the current financial year, MESPL's income for the year was Rs. 74.82 Lakhs as against Rs. 0.67 Lakhs in the previous year. The profit after tax for the year was Rs. 42.50 Lakhs as against a loss of Rs. 26 Lakhs in the previous year.

#### **Mahindra Auto Steel Private Limited (MASPL):**

Mahindra Auto Steel Private Limited (MASPL), commenced operations during the year under review. Its products were well received by the market and the company made a profit during its maiden year of operations. During the current financial year, MASPL's income for the year was Rs. 61.82 crores as against Rs. 1.25 crores in the previous year and the profit after tax was Rs. 6.54 crores as against Rs. 0.93 crores in the previous year.

#### **STATEMENT PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 2013:**

A Statement pursuant to Section 129(3) of the Companies Act, 2013 containing the salient features of the said financial statements in Form AOC – 1 is attached as **Annexure I**.

#### **HUMAN RESOURCES**

*Happy and enthused employees* is one of the strategic goals of your Company as reflected in its employee engagement interventions.

Your Company had been recognized as one of 'India's Best Companies to work for' in 2015 and ranked 4<sup>th</sup> in Manufacturing sector and overall ranked 36<sup>th</sup> in India.

Your Company's MCARES and Employee as Promoter Score (EPS)-metrics used by the Mahindra Group to assess employee engagement were a robust 4.57/5.00 and 73% respectively, in the top league in the Mahindra group.

Your company has embarked on gender diversity at its plants and has recruited women engineers who handle shop floor operations.

As part of the Talent Development process, your Company continues to invest in premium learning opportunities to groom our next generation of leaders.

#### **CUSTOMER SATISFACTION**

Your Company's Customer as Promoter Score (CaPS), a metric used by the group to assess customer satisfaction stood at a healthy (+) 55%.

Your Company believes that customer is the *raison d'être* of its existence. To reinforce this, during the year, your Company launched the Customer Engagement Programme (CEP), an initiative that seeks to reward employees who excel in external customer interface.

#### **RISK MANAGEMENT POLICY**

Your Company has formulated a Risk Management Policy which identifies and evaluates risks and frames a response to mitigate the risks which may threaten the existence of the Company.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

The Corporate Social Responsibility Committee had formulated and recommended the Corporate Social Responsibility Policy to the Board of the Company in accordance with the relevant provisions of Companies Act, 2013 read with the Rules made thereunder. The weblink to the Company's CSR Policy is: <http://www.mahindraintertrade.com>.

#### **CSR INITIATIVES:**

During the year under review, your Company implemented a number of CSR initiatives in the areas of education, health and environment.

In an endeavor to strengthen educational infrastructure around the Company's service centres, classrooms were constructed for ZP schools at Jambhul, Takwe and at Gonde villages. K-Yan (e-learning centers) were provided to schools to improve the education quality around the service centres. In addition, your Company had undertaken several CSR initiatives such as distribution of school bags, note books, stationery, etc. in ZP schools.

In order to improve the educational infrastructure around the Company's head office at Worli, Science Laboratory was renovated at Maratha High school and classrooms were constructed at Babasaheb Gawde High school and Door Step School.

To improve recreational facilities for children, garden equipment in Anganwadi compound at Gonde village were provided during the year under review. Free Eye checkup camps plus distribution of glasses were organized in the villages near the Company's service centre at Vadodara.

Your Company successfully ran tree plantation programs near its Service Centers at Nashik, Kanhe and Vadodara.

Your Company also contributed funds to the K. C. Mahindra Education Trust to support its initiatives for the education of girl child, through its Nanhi Kali project.

During the year under review your Company spent Rs. 192.28 Lakhs on its CSR activities. The mandated spend on the CSR activities of your Company for the year ended 31<sup>st</sup> March, 2016 i.e. an amount equal to 2% of the average net profit for the past three financial years was Rs. 184.42 Lakhs.

A detailed Annual report on Corporate Social Responsibility activities is enclosed as **Annexure II** and forms part of this report.

#### **POLICY ON PREVENTION OF SEXUAL HARASSMENT**

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

**POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

In line with the principles of transparency and consistency and upon the recommendation of the Nomination and Remuneration Committee your Board had approved:

- Policy on criteria for the appointment/removal of Directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors and
- Policy on the remuneration of Directors, key managerial personnel and other employees.

These policies are provided as **Annexure III** and forms part of this Report.

**SUSTAINABILITY INITIATIVES**

Your Company views sustainability not only as a responsibility but also as an opportunity to create lasting value across economic, environment and social bottom lines. Sustainability has been integrated in all its business operations and decision making processes. Your Company’s sustainability performance was covered in the consolidated group sustainability report of Mahindra and Mahindra Limited. This report was externally assured by KPMG with a GRI A+ rating.

Your Company has mapped out a Sustainability Roadmap under which a series of commitments have been made to improve the Company’s environmental footprint and the social impact of its business.

**AWARDS**

Your Company has been recipients of the following awards during the year:

- Significant achievement in HR Excellence at the 6<sup>th</sup> National HR Excellence Awards 2016
- First Place : Project Evaluation & Recognition Programme 2015 (Manufacturing Sector) at the Frost & Sullivan Awards 2015
- First Place : Excellence in HR 2015 : 4<sup>th</sup> Annual Manufacturing Today Awards 2015
- Awarded multiple awards at the ‘Malaysia Best Employer Brand Awards 2016’:
  - Diversity Impact Award for ‘Initiatives towards Women on the Shop floor’
  - Dream Company to Work For
  - HR Event Of The Year : GenNext initiative
  - Organization with Innovative HR Practices
- Award for Best HR Strategy in Line with Business at the 6<sup>th</sup> Asia Best Employer Brand, Singapore

**INTERNAL FINANCIAL CONTROLS**

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the

year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

**SHARE CAPITAL**

The authorised share capital of your Company as on 31<sup>st</sup> March, 2016 stood at Rs. 46.75 crores divided into 2,80,00,000 equity shares of Rs. 10/- each and 18.75 Lakhs Cumulative redeemable preference shares of Rs. 100 each.

There was no change in the paid-up share capital of your Company during the year under review. Accordingly as on 31<sup>st</sup> March, 2016, the paid-up share capital of your Company stood at Rs. 16.60 crores divided into 1,21,00,007 equity shares of Rs. 10/- each fully paid-up and 1,50,00,000 equity shares of Rs. 10/- each, Rs. 3/- paid-up.

**TRANSFER OF SHARES**

During the year under review, the entire Shares held by Mahindra and Mahindra Ltd. (M&M) in the Company were transferred to its wholly owned subsidiary, Mahindra Vehicle Manufacturers Ltd. (MVML). Consequent to the said transfer of Shares, your Company on 18<sup>th</sup> January, 2016 has become the direct wholly owned subsidiary of MVML and continues to be the indirect subsidiary of M&M.

**BOARD OF DIRECTORS**

**Composition:**

Presently, the Board comprises of the following eight Directors:

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non-Independent Director
Mr. Bharat Doshi (00012541)	Chairman	Non-Executive Director	Non-Independent Director
Mr. Zhooben Bhiwandiwala (00110373)	Vice-Chairman	Executive Director	Non-Independent Director
Mr. Sumit Issar (06951249) (w.e.f 1 <sup>st</sup> October, 2015)	Managing Director	Executive Director	Non-Independent Director
Mr. Rajeev Dubey (00104817)	Director	Non-Executive Director	Non-Independent Director
Mr. Pravin Shah (00056173)	Director	Non-Executive Director	Non-Independent Director
Mr. Parag Shah (00374944)	Director	Non-Executive Director	Non-Independent Director
Mr. Sudhir Mankad (00086077)	Director	Non-Executive Director	Independent Director
Dr. Punita Kumar-Sinha (05229262)	Director	Non-Executive Director	Independent Director

Mr. Harsh Kumar (DIN: 00082621) ceased to be the Managing Director of the Company with effect from 1<sup>st</sup> October, 2015. Your Board places on record its deep sense of gratitude for the immense contribution and valuable guidance received from Mr. Harsh Kumar during his tenure as Managing Director of the Company.

Mr. Sudhir Mankad and Dr. Punita Kumar-Sinha who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience and have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

Mr. Parag Shah and Mr. Rajeev Dubey retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

Your Directors have wide experience in business related to trading, finance and general corporate management.

#### **Board Meetings and Annual general Meeting:**

The Board met six times during the year, i.e. on 6<sup>th</sup> May, 2015, 27<sup>th</sup> May, 2015, 20<sup>th</sup> July, 2015, 27<sup>th</sup> October, 2015, 18<sup>th</sup> January, 2016 and 21<sup>st</sup> March, 2016. All these meetings were well attended and the gap between two consecutive meetings did not exceed 120 days. The 37<sup>th</sup> Annual General Meeting of the Company was held on 15<sup>th</sup> June, 2016.

The attendance of the Directors at the Board Meetings of the Company were as under:

<b>Name of the Director</b>	<b>No. of Board Meetings attended</b>
Mr. Bharat Doshi	5
Mr. Zhooben Bhiwandiwala	5
#Mr. Harsh Kumar	2
§Mr. Sumit Issar	3
Mr. Rajeev Dubey	5
Mr. Pravin Shah	2
Mr. Parag Shah	4
Mr. Sudhir Mankad	5
Dr. Punita Kumar-Sinha	6

# ceased as the Managing Director of the Company w.e.f 1<sup>st</sup> October, 2015.

§ appointed as the Managing Director of the Company w.e.f. 1<sup>st</sup> October, 2015.

#### **Meeting of Independent Directors**

The Independent Directors of the Company met on 22<sup>nd</sup> December, 2015 without the presence of the Chairman & Managing Director, Executive Director, the other Non-Executive Directors, the Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **Evaluation of performance of Directors:**

Pursuant to the provisions of Section 178 of the Companies Act 2013, the Nomination and Remuneration Committee carried out the evaluation of the performance of individual Directors. Feedback was sought by way of a structured process covering various aspects such as attendance record, skills, experience, level of preparedness, knowledge on Company's business/activities, understanding of industry and global trends, etc. and the evaluation was carried out based on responses received from the Directors.

As per the provisions of Schedule IV of the Companies Act, 2013, the Board evaluated the performance of Independent Directors, through a structured questionnaire.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on representation from operating management and after due enquiry confirm that:

- in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016 the applicable accounting standards have been followed and that there were no material departures in respect thereof;
- 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 at the end of the financial year on 31<sup>st</sup> March, 2016 and of the profit of the Company for the financial year ended on that date;
- they have taken proper and sufficient care 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;
- they have prepared annual accounts on a going concern basis; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **CODES OF CONDUCT**

Your Company has adopted Codes of Conduct for its Directors, and Senior Management and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and always be an integral part of the Company's ethos.

Your Company has, for the year under review, received declarations from members of the board, senior management and employees, affirming compliance with the respective Codes.

## COMMITTEES OF THE BOARD

### Audit Committee

The Audit Committee was reconstituted upon the appointment of Mr. Rajeev Dubey and resignation of Mr. Pravin Shah as the Member of the committee w.e.f 18<sup>th</sup> January, 2016 as under:

Name of the Director	Designation
Mr. Sudhir Mankad	Chairman
Mr. Rajeev Dubey	Member
Dr. Punita Kumar-Sinha	Member

The Audit Committee met four times during year, i.e. on 6<sup>th</sup> May, 2015, 27<sup>th</sup> May, 2015, 20<sup>th</sup> July, 2015 and 27<sup>th</sup> October, 2015.

The attendance at the Meetings of the Audit Committee were as under:

Name of the Director	No. of Meetings attended
Mr. Sudhir Mankad	4
Dr. Punita Kumar-Sinha	4
Mr. Pravin Shah (upto 18 <sup>th</sup> January, 2016)	1

### Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is as follows:-

Name of the Director	Designation
Mr. Bharat Doshi	Member
Mr. Rajeev Dubey	Member
Mr. Sudhir Mankad	Member
Dr. Punita Kumar-Sinha	Member

The Committee met five times during year, i.e. 6<sup>th</sup> May, 2015, 20<sup>th</sup> July, 2015, 27<sup>th</sup> October, 2015, 18<sup>th</sup> January, 2016 and 21<sup>st</sup> March, 2016.

The attendance at the Meeting of the Nomination and Remuneration Committee were as under:

Name of the Director	No. of Meetings attended
Mr. Bharat Doshi	5
Mr. Rajeev Dubey	4
Mr. Sudhir Mankad	4
Dr. Punita Kumar-Sinha	5

### Corporate Social Responsibility (CSR) Committee

The CSR Committee re-constituted with the appointment of Mr. Sumit Issar and cessation of Mr. Harsh Kumar as the Managing Director of the Company with effect from 1<sup>st</sup> October, 2015, as under:

Name of the Director	Designation
Mr. Zhooben Bhiwandiwal	Chairman
Mr. Sumit Issar (w.e.f 27 <sup>th</sup> October, 2015)	Member
Mr. Sudhir Mankad	Member

The CSR Committee met twice during the year, i.e. 6<sup>th</sup> May, 2015 and 21<sup>st</sup> March, 2016.

The attendance at the Meeting of the Corporate Social Responsibility Committee were as under:

Name of the Director	No. of Meetings attended
Mr. Zhooben Bhiwandiwal	2
Mr. Sumit Issar	1
Mr. Sudhir Mankad	2
Mr. Harsh Kumar *	1

\* Mr. Harsh Kumar ceased to be Managing Director of the Company with effect from 1<sup>st</sup> October, 2015.

### KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following are the Key Managerial Personnel of your Company:

1. Mr. Zhooben Bhiwandiwal - Executive Vice-Chairman
2. Mr. Harsh Kumar - Managing Director (ceased w.e.f. 1<sup>st</sup> October, 2015)
3. Mr. Sumit Issar - Managing Director (appointed w.e.f. 1<sup>st</sup> October, 2015)
4. Ms. Jyoti Walunj - Chief Financial Officer - (ceased w.e.f. 1<sup>st</sup> August, 2015)
5. Mr. Percy Mahernosh - Chief Financial Officer (appointed w.e.f. 1<sup>st</sup> August, 2015)
6. Mr. Abhishek Juvekar - Company Secretary (resigned w.e.f. 13<sup>th</sup> January, 2016) and
7. Ms. Romali Malvankar - Company Secretary (appointed w.e.f. 18<sup>th</sup> January, 2016)

### STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) were appointed as Statutory Auditors of your Company at the thirty seventh Annual General Meeting to hold office up to the conclusion of the thirty eighth Annual General Meeting.

Pursuant to the first proviso of Section 139(2) of the Companies Act, 2013, members are requested to re-appoint Statutory Auditors at the 38<sup>th</sup> Annual General Meeting and fix their remuneration. If re-appointed, Statutory Auditors would hold office till the conclusion of the 39<sup>th</sup> Annual General Meeting.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from Statutory Auditors to the effect that their re-appointment, if made, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report does not contain any qualification, reservation or adverse remark.

### INTERNAL AUDITOR

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth

was appointed as the Internal Auditor of your Company for the year ended 31<sup>st</sup> March, 2016. The Board at its meeting held on 27<sup>th</sup> April, 2016 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the year ending 31<sup>st</sup> March, 2017.

#### **SECRETARIAL AUDITOR**

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Mehta & Mehta, a firm of Company Secretaries in practice, was appointed as the Secretarial Auditor of your Company for the financial year ended 31<sup>st</sup> March, 2016.

A Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2016 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as **Annexure IV** and forms part of this report.

Your Directors confirm that the Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### **COST AUDITOR**

M/s. Shilpa & Co., Cost Accountants, Nashik (Firm Registration No. 100558), were appointed as the Cost Auditor by the Board of Directors on 6<sup>th</sup> May, 2015 to audit the cost accounts of your Company for the financial year ended 31<sup>st</sup> March, 2016. Remuneration of the Cost Auditor was ratified by the shareholders at the 37<sup>th</sup> Annual General Meeting held on 15<sup>th</sup> June, 2015. The said appointment was subsequently approved by the Central Government.

The Board, upon recommendation of the Audit Committee, re-appointed M/s. Shilpa & Co. as the Cost Auditor of your Company on 27<sup>th</sup> April, 2016 to audit the cost accounts for the financial year ending 31<sup>st</sup> March, 2017. Shareholders of the Company would be required to ratify the remuneration of Rs. 1,64,325 (excluding taxes and out of pocket expenses) payable to M/s. Shilpa & Co. for the said period.

As required under the provisions of Sections 139, 141 and 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company has obtained a written confirmation from M/s. Shilpa & Co. to the effect that they are eligible for appointment as the Cost Auditor and that they are an independent firm of Cost Accountants and have an arm's length relationship with your Company.

#### **FRAUDS REPORTED BY AUDITORS**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

#### **STOCK APPRECIATION RIGHTS (SARs)**

Your Company has formulated a Stock Appreciation Rights Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. Accordingly, 31677 SARs were granted during the year to eligible employees by the Nomination and Remuneration Committee (NRC) at its meeting held on 27<sup>th</sup> October, 2015 and 18<sup>th</sup> January, 2016

#### **PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS**

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees during the year.

Particulars of loans given, investments made, and guarantees and securities are given under the notes to the audited financial statement and the same forms part of the annual report.

There are no loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the Ultimate Parent Company, Mahindra & Mahindra Limited.

#### **PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES**

All transactions entered into by your Company with its related parties during the year were in ordinary course of business and at arms lengths.

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as **Annexure V** and forms part of this report.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31<sup>st</sup> March, 2016 is annexed as **Annexure VI** and forms part of this report.

#### **SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

Your Company subscribes to guidelines on safety, health and environment and encourages involvement of all its employees in activities related to safety including promotion of safety standards. Employees across facilities were trained in behavioural safety at work. Statutory requirements relating to environmental legislations and environment protection, have been duly complied with by your Company.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure VII** and forms part of this report.

#### **DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Being unlisted company, provisions of Rule 5 of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

**GENERAL DISCLOSURES:**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- c) Neither the managing director nor the whole-time director of the Company receive any remuneration or commission from any of its subsidiaries.

- d) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

**ACKNOWLEDGMENTS:**

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

**For and on behalf of the Board**

**Bharat Doshi**  
Chairman

Mumbai, 27<sup>th</sup> April, 2016



**ANNEXURE I TO THE DIRECTORS' REPORT****Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures****Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. crores)

Sr. No.	Name of the subsidiary	1	2	3	4
		Mahindra Steel Service Centre Limited	Mahindra Auto Steel Private Limited	Mahindra Electrical Steel Private Limited	Mahindra Middle East Electrical Steel Service Centre[FZC]
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 March, 2016	31 March, 2016	31 March, 2016	31 March, 2016
2.	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR	INR	INR	Reporting currency: USD Exchange Rate INR 66.35/1 USD
3.	Share capital	16.54	68.50	0.05	3.65
4.	Reserves & surplus	80.89	6.32	(1.93)	27.91
5.	Total assets	215.71	134.77	7.40	47.24
6.	Total Liabilities	215.71	134.77	7.40	47.24
7.	Investments	-	0.47*	-	-
8.	Turnover	194.93	61.82	0.75	37.67
9.	Profit before taxation	8.12	6.00	0.53	0.37
10.	Provision for taxation	2.63	(0.54)	0.11	-
11.	Profit after taxation	5.49	6.54	0.42	0.37
12.	Proposed Dividend	1.16	-	-	-
13.	% of shareholding	61%	51%	100%	90%
Names of subsidiaries which are yet to commence operations					
1.	Mahindra Electrical Steel Private Limited				
Names of subsidiaries which have been liquidated or sold during the year- Nil					

\*comprises investment of current nature

**Part "B": Associates and Joint Ventures - NIL****For and on behalf of the Board****Bharat Doshi**  
Chairman**Zhooben Bhiwandiwala**  
Executive Vice-Chairman**Sumit Issar**  
Managing Director**Percy Mahernosh**  
Chief Financial Officer**Romali M. Malvankar**  
Company Secretary

Mumbai, April 27, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT

### ANNUAL REPORT ON CSR ACTIVITIES OF MAHINDRA INTERTRADE LIMITED

- (1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

The objective of the Company's CSR policy is to–

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives and causes to work for thereby ensuring high social impact.
- Encourage employees to participate actively in the company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;

5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
  6. Measures for the benefit of armed forces veterans, war widows and their dependents;
  7. Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;
  8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
  9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
  10. Rural development projects;
  11. Slum area development.
- (1) The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.
  - (2) The Composition of the CSR Committee: Mr. Zoooben Bhiwandiwala (Chairman), Mr. Sudhir Mankad (Member) and Mr. Sumit Issar (Member)
  - (3) Average net profit of the company for last three financial years: Rs. 9220.89 Lakhs
  - (4) Prescribed CSR Expenditure (2% of the amount as in Item 3 above): Rs. 184.42 Lakhs
  - (5) Details of CSR spend during the financial year.
    - (a) Total amount spent for the financial year: Rs. 192.28 Lakhs
    - (b) Amount unspent, if any: - Nil
    - (c) Manner in which the amount was spent during the financial year is detailed below:

Sr. No.	Particulars	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1)	CSR project or activity identified	Construction of Junior College at Takwe village	Construction of Classrooms at ZP School, Jambhul village	Construction of Community hall for women/ sr. citizens at Sudumbare village	Need base assessment survey Kanhe, Takwe & Jambhul	Construction of additional classrooms (1st floor) at ZP School, Gonde village	Garden equipment in Anganwadi compound at Gonde village	Distribution of school bags, note books, stationery, etc. in ZP schools of Morambi and Kushegaon villages (adivasi regions)	Tree Plantation in plant	K-Yan (e learning center at ZP school, Gonde village)
(2)	Sector in which the project is covered	Education	Education	Health, Environment & Infra	Education	Education	Environment	Education	Environment	Education
(3)	Amount outlay (budget project or programme wise)	Rs. 18,55,000	Rs. 14,91,000	Rs. 25,00,000	–	Rs. 28,00,000	Rs. 2,50,000	Rs. 1,20,000	Rs. 1,00,000	Rs. 1,50,000
(4)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(1) Local  (2) Kanhe district, Maharashtra	(1) Local  (2) Kanhe district, Maharashtra	(1) Local  (2) Kanhe district, Maharashtra	(1) Local  (2) Kanhe district, Maharashtra	(1) Local  (2) Nashik district, Maharashtra	(1) Local  (2) Nashik district, Maharashtra	(1) Local  (2) Nashik district, Maharashtra	(1) Local  (2) Nashik district, Maharashtra	(1) Local  (2) Nashik district, Maharashtra
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	(1) Rs. 12,64,826  (2) 0	(1) Rs. 19,82,058  (2) 0	(1) Rs. 16,98,649  (2) 0	(1) Rs. 25,000  (2) 0	(1) Rs. 27,37,195  (2) 0	(1) Rs. 2,49,778  (2) 0	(1) Rs. 1,13,100  (2) 0	(1) Rs. 7,800  (2) 0	(1) Rs. 1,58,445  (2) 0
(6)	Cumulative expenditure up to the reporting period	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above
(7)	Amount Spent direct or through implementing agency	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Direct

S. No.	Particulars	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	Total
(1)	CSR project or activity identified	Exhibition programme for school kids	Tree Plantation	Eye checkup plus Distribution of glasses	K-yan (e learning center)	Renovation of classroom for The Door Step School, Sewri, Mumbai	Renovation of Laboratory at Maratha High School, Worli	Renovation plus flooring of 3 classrooms at Baba Saheb Gawade High school, Worli	Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kai project	–
(2)	Sector in which the project is covered	Education	Environment	Health	Education	Education	Education	Education	Education	–
(3)	Amount outlay (budget project or programme wise)	–	Rs. 1,00,000	–	–	Rs. 5,00,000	Rs. 5,00,000	–	Rs. 7,59,600	Rs. 1,03,66,000
(4)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	(1) Local  (2) Vadodara district, Maharashtra	(1) Local  (2) Vadodara district, Maharashtra	(1) Local  (2) Vadodara district, Maharashtra	(1) Local  (2) Vadodara district, Maharashtra	(1) Local  (2) Mumbai district, Maharashtra	(1) Local  (2) Mumbai district, Maharashtra	(1) Local  (2) Mumbai district, Maharashtra	(1) Others  (2) Maharashtra and contiguous states	–

S. No.	Particulars	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	Total
(5)	Amount spent on the project or programme Sub Heads; 1. Direct expenditure on projects or programmes 2. Overheads	(1) Rs. 1,51,260  (2) 0	(1) Rs. 1,49,820  (2) 0	(1) Rs. 44,564  (2) 0	(1) Rs. 3,79,200  (2) 0	(1) Rs. 2,08,366  (2) 0	(1) Rs. 3,58,283  (2) 0	(1) Rs. 4,75,763  (2) 0	(1) Rs. 92,19,600  (2) 0	(1) Rs. 1,92,23,707  (2) 0
(6)	Cumulative expenditure up to the reporting period	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	–
(7)	Amount Spent direct or through implementing agency	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Implementing agency – KCMET*	–

\* Details of implementing agency: KCMET- The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

6. The company has duly spent 2% of the average net profit of the last three financial years or any part thereof on CSR - related activities.
7. Members of the CSR committee confirm that implementation and monitoring of the CSR policy of your Company is in compliance with the relevant provisions of the Companies Act, 2013.

**For and on behalf of the Board**

**Bharat Doshi**  
Chairman

**Zhooben Bhiwandiwala**  
Chairman, CSR Committee

Mumbai, April 27, 2016

## ANNEXURE III TO THE DIRECTORS' REPORT

### POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Intertrade Limited (MIL).

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (**KMP**) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO), and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (**NRC**) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

#### I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:
  - 1) All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
  - 2) Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
  - 3) Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors.
- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through the

Managing Director, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

#### II. SUCCESSION PLANNING:

##### Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

##### Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

##### Senior Management Personnel:

The Company's succession planning program aims to identify high growth potential individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

## **POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

### **Purpose**

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Intertrade Limited (MIL).

### **Policy Statement**

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

### **NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

### **Executive Directors:**

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where

applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

### **Key Managerial Personnel (KMPs)**

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### **Employees**

We follow a position and level based approach for compensation benchmarking with companies in the steel/ steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

**ANNEXURE IV TO THE DIRECTORS' REPORT****Form No. MR-3****SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and the rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,  
The Members,  
Mahindra Intertrade Limited  
Mahindra Towers,  
P. K. Kurne Chowk, Worli,  
Mumbai – 400 018**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Intertrade Limited** (hereinafter called "**the Company**"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officer, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)

Regulations, 2011; (during the year under review not applicable to the Company)

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (during the year under review not applicable to the Company)
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (during the year under review not applicable to the Company);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the year under review not applicable to the company)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (during the year under review not applicable to the Company)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company);

We have examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India;
- b) Listing Agreement entered with National Stock Exchange of India Limited and BSE Limited for the period from 1<sup>st</sup> April 2015 to 30<sup>th</sup> November, 2015 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1<sup>st</sup> December 2015 to 31<sup>st</sup> March 2016 (during the year under review not applicable to the company);

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc.

As represented by the Company, there is/are no sector specific laws applicable to the Company.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting of the Board and any of its committee.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**ANNEXURE A**

To,  
The Members,  
Mahindra Intertrade Limited  
Mahindra Towers, P.K. Kurne Chowk,  
Worli,  
Mumbai -400 018.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai  
Date: 27<sup>th</sup> April,2016

We further report that during the audit period there was following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.:-

1. Investment in the Mahindra Electrical Steel Private Limited, Wholly Owned Subsidiary of the Company – The Company has proposed to make a further investment of an amount not exceeding Rs. 25,00,000/- (Rupees Twenty Five Lacs Only) in Mahindra Electrical Steel Private Limited, Wholly Owned Subsidiary of the Company, by subscribing to the equity shares on right issue or otherwise.

For **Mehta & Mehta,**  
**Company Secretaries**  
(ICSI Unique Code P1996MH007500)

**Dipti Mehta**  
**Partner**  
FCS No : 3667  
CP No. : 3202

Place : Mumbai  
Date : 27<sup>th</sup> April, 2016

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

For **Mehta & Mehta,**  
**Company Secretaries,**  
(ICSI Unique Code P1996MH007500)

**Dipti Mehta**  
**Partner**  
FCS No : 3667  
CP No. : 3202



**ANNEXURE V TO THE DIRECTORS' REPORT****FORM NO. AOC-2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-	-	-	-	-	-	-	-	-

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra and Mahindra Limited	Sale of processed steel	Annual/Recurring	1. Sale of CR/HR Steel. 2. Payment terms - immediate (payment is generally received in 10 days). 3. Total value for transaction Rs 169.68 crores	Not Applicable (Refer Note)	Nil

\*Note: All these transactions are at arm's length and are in the ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013. Approval of Audit Committee was taken in the meeting held on May 6, 2015, July 20, 2015 and October 27, 2015.

**For and on behalf of the Board**

**Bharat Doshi**  
Chairman

Mumbai, April 27, 2016

**ANNEXURE VI TO THE DIRECTORS' REPORT****Form No. MGT-9****Extract of Annual Return  
as on the financial year ended on 31<sup>st</sup> March, 2016***[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS:**

i.	Corporate Identification Number (CIN)	U51900MH1978PLC020222
ii.	Registration Date	20 <sup>th</sup> March, 1978
iii.	Name of the Company	Mahindra Intertrade Limited
iv.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
v.	Address of the Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: malvankar.romali@mahindra.com
vi.	Whether listed company Yes/No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Pvt. Ltd. 13 AB Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072 Tel.: +91-22-67720300/400 Fax: +91-22-28591568 Email: sharepro@shareproservices.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Processing of Steel	24105	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	100.00	2(46)
2	Mahindra Vehicle Manufacturers Ltd. (w.e.f. 18 <sup>th</sup> January, 2016)	U34100MH2007PLC171151	Holding Company	100.00	2 (46)
3	Mahindra Steel Service Centre Limited	U27100MH1993PLC070416	Subsidiary Company	61.00	2(87)(ii)
4	Mahindra Electrical Steel Private Limited	U27100MH2009PTC193205	Subsidiary Company	100.00	2(87)(ii)
5	Mahindra Auto Steel Private Limited	U27100MH2013PTC250979	Subsidiary Company	51.00	2(87)(ii)
6	Mahindra MiddleEast Electrical Steel Service Centre (FZC)	N.A.	Subsidiary Company	90.00	2(87)(ii)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	12,100,000	15,000,007	27,100,007	100	27,100,000	7	27,100,007	100	–
e) Banks/Fl	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
<b>Sub-total (A)(1):</b>	<b>12,100,000</b>	<b>15,000,007</b>	<b>27,100,007</b>	<b>100</b>	<b>27,100,000</b>	<b>7</b>	<b>27,100,007</b>	<b>100</b>	<b>–</b>
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other -Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/Fl	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
<b>Sub-total (A)(2):</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total shareholding of Promoter (A)=(A)(1)+ (A)(2)</b>	<b>12,100,000</b>	<b>15,000,007</b>	<b>27,100,007</b>	<b>100</b>	<b>27,100,000</b>	<b>7</b>	<b>27,100,007</b>	<b>100</b>	<b>–</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/Fl	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-total (B)(1):</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c. Others (specify)									
<b>Sub-total (B)(2):</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	<b>12,100,000</b>	<b>15,000,007</b>	<b>27,100,007</b>	<b>100</b>	<b>27,100,000</b>	<b>7</b>	<b>27,100,007</b>	<b>100</b>	<b>–</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	27,100,000	100.00	–	0	0.00	–	100.00
2.	*Mahindra & Mahindra Ltd. Jt. With Mr. Bharat Doshi	1	–	–	0	0.00	–	0.00
3.	*Mahindra & Mahindra Ltd. Jt. With Mr. Narayan Shankar	1	–	–	0	0.00	–	0.00
4.	*Mahindra & Mahindra Ltd. Jt. with Mr. Zoooben Bhiwandiwala	1	–	–	0	0.00	–	0.00
5.	*Mahindra & Mahindra Ltd. Jt. with Mr. P. N. Shah	1	–	–	0	0.00	–	0.00
6.	*Mahindra & Mahindra Ltd. Jt. with Mr. Harsh Kumar	1	–	–	0	0.00	–	0.00
7.	*Mahindra & Mahindra Ltd. Jt. with Ms. Jyoti Walunj	1	–	–	0	0.00	–	0.00
8.	Mahindra Holdings Limited	1	–	–	0	0.00	–	0.00
9.	Mahindra Vehicle Manufacturers Ltd. (Demat)	–	–	–	27,100,000	100.00	–	100.00
10.	#Mahindra Vehicle Manufacturers Ltd. Jt with Mr. Vijay Arora	–	–	–	1	–	–	0.00
11.	#Mahindra Vehicle Manufacturers Ltd. Jt with Mr. Narayan Shankar	–	–	–	1	–	–	0.00
12.	#Mahindra Vehicle Manufacturers Ltd. Jt with Mr. Zoooben Bhiwandiwala	–	–	–	1	–	–	0.00
13.	#Mahindra Vehicle Manufacturers Ltd. Jt with Mr. P N Shah	–	–	–	1	–	–	0.00
14.	#Mahindra Vehicle Manufacturers Ltd. Jt with Mr. Sumit Issar	–	–	–	1	–	–	0.00
15.	#Mahindra Vehicle Manufacturers Ltd. Jt with Mr. Percy Mahernosh	–	–	–	1	–	–	0.00
16.	Mahindra Vehicle Manufacturers Ltd. (physical)	–	–	–	1	–	–	0.00
	<b>Total</b>	–	–	–	<b>27,100,007</b>	<b>100</b>	–	<b>100</b>

\* Held as a nominees of Mahindra & Mahindra Limited to comply with the statutory provisions in respect of minimum number of members.

# Held as a nominees of Mahindra Vehicle Manufacturers Ltd. to comply with the Statutory Provisions in respect of minimum number of members.

**(iii) Change in Promoters' Shareholding**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mahindra and Mahindra Ltd.</b>				
	At the beginning of the year	27,100,007	100.00	0	0
	Decrease on account of transfer of Shares to Mahindra Vehicle Manufacturers Ltd.	(27,100,007)	(100.00)	0	0
	<b>At the end of the year</b>	-	-	-	-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	<b>Mahindra Vehicle Manufacturers Ltd.</b>				
	At the beginning of the year	0	0	0	0
	Increase on account of transfer of Shares from Mahindra and Mahindra Ltd.	27,100,007	100.00	27,100,007	100.00
	<b>At the end of the year</b>	0	0	27,100,007	100.00

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top Ten Shareholder's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>Mr. Zhooben Bhiwandiwala (holding jointly with Mahindra &amp; Mahindra Ltd.)</b>				
	At the beginning of the year	1	-	1	-
	Decrease on account of transfer of Share to Mr. Zhooben Bhiwandiwala (holding jointly with Mahindra vehicle Manufactures Ltd.)	(1)	-	-	-
	<b>At the end of the year</b>	0	-	0	-
2	<b>Mr. P N Shah (holding jointly with Mahindra &amp; Mahindra Ltd.)</b>				
	At the beginning of the year	1	-	1	-
	Decrease on account of transfer of Share to Mr. P.N. Shah (holding jointly with Mahindra vehicle Manufactures Ltd.)	(1)	-	-	-
	<b>At the end of the year</b>	0	-	0	-
3	<b>Mr. Harsh Kumar (holding jointly with Mahindra &amp; Mahindra Ltd.)</b>				
	At the beginning of the year	1	-	1	-
	Decrease on account of transfer of Share to Mr. Sumit Issar (holding jointly with Mahindra vehicle Manufactures Ltd.)	(1)	-	-	-
	<b>At the end of the year</b>	0	-	0	-

Sr. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	<b>Ms. Jyoti Walunj (holding jointly with Mahindra &amp; Mahindra Ltd.)</b>				
	At the beginning of the year	1	–	1	–
	Decrease on account of transfer of Share to Mr. Percy Mahernosh (holding jointly with Mahindra vehicle Manufactures Ltd.)	(1)	–	–	–
	<b>At the end of the year</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>–</b>
5	<b>Mr. Bharat Doshi (holding jointly with Mahindra &amp; Mahindra Ltd.)</b>				
	At the beginning of the year	1	–	1	–
	Decrease on account of transfer of Share to Mr. Vijay Arora (holding jointly with Mahindra Vehicle Manufactures Ltd.)	(1)	–	–	–
	<b>At the end of the year</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>–</b>
6	<b>Mr. Zoooben Bhiwandiwala (holding jointly with Mahindra vehicle Manufactures Ltd.)</b>				
	At the beginning of the year	0	–	0	–
	Increase on account of transfer of Share from Mr. Zoooben Bhiwandiwala (holding jointly with Mahindra and Mahindra Ltd.)	1	–	1	–
	<b>At the end of the year</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>
7	<b>Mr. P.N. Shah (holding jointly with Mahindra vehicle Manufactures Ltd.)</b>				
	At the beginning of the year	0	–	0	–
	Increase on account of transfer of Share from Mr. P. N. Shah (holding jointly with Mahindra and Mahindra Ltd.)	1	–	1	–
	<b>At the end of the year</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>
8	<b>Mr. Percy Mahernosh (holding jointly Mahindra Vehicle Manufacturers Ltd.)</b>				
	At the beginning of the year	0	–	0	–
	Increase on account of transfer of Share from Ms. Jyoti Walunj (holding jointly with Mahindra and Mahindra Ltd.)	1	–	1	–
	<b>At the end of the year</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>
9	<b>Mr. Sumit Issar (holding jointly Mahindra Vehicle Manufacturers Ltd.)</b>				
	At the beginning of the year	0	–	0	–
	Increase on account of transfer of Share from Mr. Harsh Kumar (holding jointly with Mahindra and Mahindra Ltd.)	1	–	1	–
	<b>At the end of the year</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>
10	<b>Mr. Vijay Arora (holding jointly with Mahindra Vehicle Manufacturers Ltd.)</b>				
	At the beginning of the year	0	–	0	–
	Increase on account of transfer of Share from Mr. Bharat Doshi (holding jointly with Mahindra and Mahindra Ltd.)	1	–	1	–
	<b>At the end of the year</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	–	0.05	–	0.05
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	–	<b>0.05</b>	–	<b>0.05</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	–	0.04	–	0.04
• Reduction	–	–	–	–
<b>Net Change</b>	–	–	–	–
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	–	0.09	–	0.09
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	–	<b>0.09</b>	–	<b>0.09</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Harsh Kumar (ceased to be Managing Director w.e.f. 1 <sup>st</sup> October, 2015)	Mr. Zhooben Bhiwandiwala (Vice-Chairman)	Mr. Sumit Issar (Managing Director from 1 <sup>st</sup> October, 2015)	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	81.85	–	22.31	104.16
	b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	4.28	–	1.24	5.52
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of profit	21.52	48.15	–	69.67
	– others, specify...	–	–	–	–
5.	Others, please specify SARs				
	SARs	–	–	20.85	20.85
	Contribution to funds	1.95	–	0.85	2.80
	<b>Total (A)</b>	<b>109.60</b>	<b>48.15</b>	<b>45.25</b>	<b>203.00</b>
	Ceiling as per the Act	–	–	–	1065.00

B. Remuneration to other directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Bharat Doshi	Mr. Parag Shah	Mr. Sudhir Mankad	Dr. Punita Kumar Sinha	
1	Independent Directors					
	• Fee for attending board/committee meetings	–	–	3.50	3.60	7.10
	• Commission	–	–	6.00	6.00	12.00
	• Others, please specify	–	–	–	–	–
	<b>Total (1)</b>	–	–	<b>9.50</b>	<b>9.60</b>	<b>19.10</b>
2	Other Non-Executive Directors					
	• Fee for attending board/committee meetings	2.50	–	–	–	2.50
	• Commission	12.00	9.63	–	–	21.63
	• Others, please specify	–	–	–	–	–
	<b>Total (2)</b>	<b>14.50</b>	<b>9.63</b>	–	–	<b>24.13</b>
	<b>Total (B)=(1+2)</b>	<b>14.50</b>	<b>9.63</b>	<b>9.50</b>	<b>9.60</b>	<b>43.23</b>
	Total Managerial Remuneration	–	–	–	–	246.23
	Overall Ceiling as per the Act	–	–	–	–	1065.00

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Company Secretary	CFO		Total Amount
		Mr. Abhishek Juvekar (upto January 13, 2016) Ms. Romali Malvankar (w.e.f January 18, 2016)	Ms. Jyoti Walunj (upto August 1, 2015)	Mr. Percy Mahernosh (w.e.f August 1, 2015)	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	23.70	71.30	95.00
	b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	–	0.11	2.45	2.56
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of profit	–	–	–	–
	– others, specify...	–	–	–	–
5.	Others, please specify –	–	–	–	–
	Fees (allocation of expenses by Mahindra & Mahindra Limited)	5.00	–	–	5.00
	Contribution to funds	–	1.56	5.39	6.95
	<b>Total</b>	<b>5.00</b>	<b>25.37</b>	<b>79.14</b>	<b>109.51</b>



**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**For and on behalf of the Board**

**Bharat Doshi**  
Chairman

Mumbai, April 27, 2016

## ANNEXURE VII TO THE DIRECTORS' REPORT

### PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

#### A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: In processing of steel, the primary plant operation is not power intensive. However, normal precautions are taken by the Company to minimize power consumption.
- (b) the steps taken by the company for utilizing alternate sources of energy: **Nil**
- (c) the capital investment on energy conservation equipments: **Nil**

#### B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: **None**
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution- Your Company gives stress to indigenization. Import substitution efforts have saved Rs. 48.71 Lakhs during the year.
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
  - (a) the details of technology imported: **Nil**
  - (b) the year of import: **Nil**
  - (c) whether the technology been fully absorbed: **Nil**
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Nil**
- iv) the expenditure incurred on Research and Development: **Nil**

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

	<b>For the Financial Year ended 31<sup>st</sup> March 2016</b>	<b>(Rs. in crores)</b> For the Financial Year ended 31 <sup>st</sup> March 2015
Total Foreign Exchange Earned	<b>13.78</b>	11.41
Total Foreign Exchange Used	<b>325.66</b>	271.44

**For and on behalf of the Board**

**Bharat Doshi**  
Chairman

Mumbai, April 27, 2016

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA INTERTRADE LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA INTERTRADE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements

give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25.1(i) to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 117365W

**Uday M. Neogi**  
Partner  
Membership No. 30235

Mumbai, 27<sup>th</sup> April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Mahindra Intertrade Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Mahindra Intertrade Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*  
*Firm’s Registration No. 117365W*

**Uday M. Neogi**  
Partner

Membership No. 30235

Mumbai, 27<sup>th</sup> April, 2016

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Intertrade Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
  - According to the information and explanations given to us and the records examined by us and based on the examination of registered sale deeds provided to us, we report that, the title deeds, of land and building which are freehold, are held in the name of the Company as at the balance sheet date. In respect of the immovable property of land which has been taken on lease and the building constructed thereon by the Company, disclosed as fixed assets in the financial statements, the lease agreement is in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund,

Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.

- No undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues were in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- Details of dues of Sales Tax and Value Added Tax which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.) (in crores)	Amount Unpaid (Rs.) (in crores)
The Maharashtra Value Added Tax 2002	VAT	The Joint Commissioner of Sales Tax (Appeal) V	2010-2011 & 2011-2012	2.65	2.60
The Central Sales Tax Act 1956 (Maharashtra)	CST	The Joint Commissioner of Sales Tax (Appeal) V	2010-2011 & 2011-2012	0.10	0.10
The Gujarat Value Added Tax 2003	VAT	The Joint Commissioner of Commercial Tax [Appeals]	2010-2011	.01	*
The Central Sales Tax Act 1956 (Gujarat)	CST	The Joint Commissioner of Commercial Tax [Appeals]	2010-2011	1.15	.25

\* Represents amount less than Rs. 50,000

- In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.
- The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite

approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*  
*Firm's Registration No. 117365W*

**Uday M. Neogi**  
Partner  
Membership No. 30235

*Mumbai, 27<sup>th</sup> April, 2016*

**BALANCE SHEET AS AT 31 MARCH, 2016**

Particulars	Notes	Rs. in Crores	
		As at 31 March, 2016	As at 31 March, 2015
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' fund</b>			
(a) Share capital.....	3	16.60	16.60
(b) Reserves and surplus.....	4	419.49	380.50
		<u>436.09</u>	<u>397.10</u>
<b>2 Non current liabilities</b>			
(a) Deferred tax liabilities (net) .....	30	2.80	3.58
(b) Long-term provisions .....	5	3.61	2.32
		<u>6.41</u>	<u>5.90</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings .....	6	0.09	0.05
(b) Trade payables .....	7		
– total outstanding dues of micro enterprises and small enterprises; and .....		–	–
– total outstanding dues of creditors other than micro enterprises and small enterprises .....		124.38	122.40
(c) Other current liabilities .....	8	9.62	10.78
(d) Short-term provisions .....	9	27.78	21.79
		<u>161.87</u>	<u>155.02</u>
Total .....		<u>604.37</u>	<u>558.02</u>
<b>B ASSETS</b>			
<b>1 Non current assets</b>			
(a) Fixed assets			
(i) Tangible assets.....	10	41.30	44.98
(ii) Intangible assets .....		0.05	0.07
(iii) Capital work-in-progress .....		11.70	–
		<u>53.05</u>	<u>45.05</u>
(b) Non-current investments .....	11	88.78	90.43
(c) Long-term loans and advances .....	12	2.81	3.00
		<u>144.64</u>	<u>138.48</u>
<b>2 Current assets</b>			
(a) Current investments .....	13	35.57	11.00
(b) Inventories .....	14	183.20	160.75
(c) Trade receivables .....	15	172.62	205.23
(d) Cash and cash equivalents .....	16	58.56	33.30
(e) Short-term loans and advances.....	17	8.29	8.71
(f) Other current assets.....	18	1.49	0.55
		<u>459.73</u>	<u>419.54</u>
Total .....		<u>604.37</u>	<u>558.02</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

**Bharat Doshi**

Chairman

**Zhooben Bhiwandiwala**

Executive Vice-Chairman

For **Deloitte Haskins & Sells****Sumit Issar**

Managing Director

Chartered Accountants

**Rajeev Dubey****Sudhir Mankad****P. N. Shah****Parag Shah****Dr Punita Kumar Sinha**

Directors

**Uday M. Neogi****Percy Mahernosh**

Chief Financial Officer

Partner

**Romali Malvankar**

Company Secretary

Place : Mumbai

Place : Mumbai

Date : 27 April, 2016

Date : 27 April, 2016

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

Particulars	Notes	Rs. in Crores	
		For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>1</b> Revenue from operations (gross) .....	19	1,101.59	1,286.42
Less: Excise duty .....		(91.14)	(92.90)
Revenue from operations (net) .....		1,010.45	1,193.52
<b>2</b> Other income .....	20	8.58	20.17
<b>3 Total revenue (1+2)</b> .....		1,019.03	1,213.69
<b>4 Expenditure:</b>			
(a) Cost of materials consumed .....	21(a)	783.73	989.76
(b) Purchases of stock-in-trade (traded goods) .....	21(b)	83.21	76.09
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade .....	21(c)	6.97	(13.40)
(d) Employee benefits expense .....	22	15.45	12.90
(e) Finance costs .....	23	1.36	1.72
(f) Depreciation and amortisation expense .....	10	4.88	5.10
(g) Other expenses .....	24	28.41	31.28
<b>Total expenses</b> .....		924.01	1,103.45
<b>5 Profit before tax (3-4)</b> .....		95.02	110.24
<b>6 Tax expense:</b>			
(a) Current tax expense .....		33.00	38.46
(b) Short provision for tax relating to earlier year's .....		0.42	-
(c) Deferred tax .....	30	(0.78)	(0.39)
Net tax expenses .....		32.64	38.07
<b>7 Profit after tax (5-6)</b> .....		62.38	72.17
<b>8 Earnings per equity share (of Rs. 10 each):</b>	29		
Basic/Diluted (Rs.) .....		37.58	43.47

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants**Uday M. Neogi**  
PartnerPlace : Mumbai  
Date : 27 April, 2016**Bharat Doshi****Zhooben Bhiwandiwala****Sumit Issar****Rajeev Dubey****Sudhir Mankad****P. N. Shah****Parag Shah****Dr Punita Kumar Sinha****Percy Mahernosh****Romali Malvankar**Place : Mumbai  
Date : 27 April, 2016

Chairman

Executive Vice-Chairman

Managing Director

Directors

Chief Financial Officer  
Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax for the year.....	95.02	110.24
<b>Adjustments for:</b>		
Depreciation and Amortisation.....	4.88	5.10
Interest income.....	(3.78)	(3.48)
Dividend income.....	(4.74)	(6.76)
Finance costs.....	1.36	1.72
Liabilities written back.....	(0.04)	–
Net unrealised exchange (gain)/loss.....	(0.32)	0.11
Net gain on sale of current investments.....	(0.02)	(0.75)
Profit on sale of assets.....	*	(9.18)
	(2.66)	(13.24)
<b>Operating Profit before Working Capital Changes.....</b>	<b>92.36</b>	<b>97.00</b>
<b>Changes in working capital:</b>		
Adjustments for (increase)/decrease in operating assets/liabilities:		
Trade receivables, loans and advances and other assets.....	32.53	(8.53)
Inventories.....	(22.45)	(33.30)
Trade payables, other liabilities and provisions.....	2.09	(88.62)
	12.17	(130.45)
<b>Cash Generated from Operations.....</b>	<b>104.53</b>	<b>(33.45)</b>
Net income tax (paid).....	(31.52)	(40.52)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES.....</b>	<b>73.01</b>	<b>(73.98)</b>
<b>B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		
Capital Expenditure on fixed assets, including capital advances.....	(12.07)	(0.85)
Proceeds from sale of fixed assets (net).....	0.09	22.45
Inter corporate deposits placed.....	–	(0.89)
Inter corporate deposits refunded.....	0.17	0.77
Current investments not considered as Cash and cash equivalents		
– Purchased.....	(1,967.62)	(1,984.95)
– Proceeds from sale.....	1,943.07	1,980.70
Purchase of non current investments		
– Subsidiaries/Joint Ventures.....	–	(34.92)
Proceeds from redemption of investment in debentures.....	1.65	–
Interest received		
– Subsidiaries/Joint Ventures.....	0.03	0.02
– Others.....	2.82	3.42

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Dividend received		
– Subsidiaries/Joint Ventures.....	2.90	4.15
– Others .....	1.84	2.61
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES .....</b>	<b>(27.12)</b>	<b>(7.49)</b>
<b>C. CASH FLOW USED IN FINANCING ACTIVITIES</b>		
Finance Costs.....	(1.24)	(1.72)
Dividends paid.....	(16.60)	(16.60)
Tax on dividend.....	(2.79)	(2.82)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES .....</b>	<b>(20.63)</b>	<b>(21.14)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) .....</b>	<b>25.26</b>	<b>(102.60)</b>
Cash and cash equivalents at the beginning of the year (refer note 16)....	33.30	135.90
Cash and cash equivalents at the end of the year (refer note 16).....	58.56	33.30
	<u>25.26</u>	<u>(102.60)</u>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (refer note 16)		
<b>Component of cash and cash equivalents</b>		
Cash on hand.....	**	**
with banks: in current accounts.....	4.75	6.30
in deposit account.....	53.81	27.00
	<u>58.56</u>	<u>33.30</u>

\* Represents Rs. 14,130.

\*\* Represents Rs. 40,122 (2015: Rs. 20,214).

Note: The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Uday M. Neogi**  
Partner

Place : Mumbai  
Date : 27 April, 2016

**Bharat Doshi**

**Zhooben Bhiwandiwala**

**Sumit Issar**

**Rajeev Dubey**  
**Sudhir Mankad**  
**P. N. Shah**

**Parag Shah**  
**Dr Punita Kumar Sinha**

**Percy Mahernosh**  
**Romali Malvankar**

Place : Mumbai  
Date : 27 April, 2016

Chairman

Executive Vice-Chairman

Managing Director

Directors

Chief Financial Officer  
Company Secretary

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Corporate information:

Mahindra Intertrade Limited is a public limited company incorporated on 21 May, 1998 under the Companies Act, 1956. The Company's main activity is steel processing and it has service centres at Nashik and Vadodara. The Company processes automotive and electrical steel.

### 2. Significant Accounting Policies followed by the Company:

#### 2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (The Act). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

#### 2.2 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

#### 2.3 Inventories:

Inventories are stated at cost or net realizable value, whichever is lower. Cost is arrived at on a weighted average method and includes, where appropriate, manufacturing overheads and excise duty.

#### 2.4 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.5 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.6 Fixed Assets:

(a) Fixed Assets are stated at cost less accumulated depreciation/amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.

- (b) (i) Leasehold land is amortised over the period of lease.  
(ii) Depreciation on tangible fixed assets has been provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under, taking into account the estimated usage of the asset in case of Motor Vehicle and based on technical advice in case of Blanking line.

Motor Vehicles: 5 years  
Blanking Line (Nashik): 20 years

- (c) Goodwill arising on acquisition of business is being amortised equally over a period of ten years.

#### 2.7 Revenue Recognition:

Sale of products are recognized, when the significant risks and rewards of ownership are transferred to the Buyer. Sales include excise duty, but excludes sales tax and value added tax.

Sales of services are recognised when services are rendered.

#### 2.8 Other Income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

#### 2.9 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. All foreign currency monetary items outstanding at the year end (excluding long term liability) are translated at the relevant rates of exchange prevailing at the year end. Exchange differences arising on settlement/restatement of foreign currency monetary assets & liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss. In respect of forward exchange contracts, the premium or discount arising at the inception of such a contract is amortized as expense or income over the life of the contract.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing and acquisition of fixed assets are added to or subtracted from the cost of depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

#### 2.10 Investments:

Long term Investments are valued at cost less provision, if any, for decline other than temporary, in value of such investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

#### 2.11 Employee Benefits:

- i) Defined Contribution Plan:

Company's contributions paid/payable during the year to the provident fund, superannuation fund, employee state insurance corporation and labour welfare fund are recognized in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.

- ii) Defined Benefit Plan/Long Term Compensated Absences:

Company's liability towards gratuity, compensated absence and post retirement medical benefit schemes are determined by an independent actuary using the projected unit credit method at each Balance Sheet date. Past service cost are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation, as reduced by the fair value of Scheme assets.

#### 2.12 Taxes on Income:

Tax expense comprises current and deferred tax. Current Tax is determined as either (i) the amount of tax payable in respect of taxable income after considering usual allowances and disallowances under the Income-tax Act, 1961 or (ii) Minimum Alternate Tax for the year. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there

are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

**2.13 Earnings per share:**

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

**2.14 Provisions and contingencies:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow

of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

**2.15 Stock Appreciation Rights (SARs):**

The compensation cost of SARs granted to employees is accounted by the Company using the intrinsic value method. The fair value of the equity shares is based on valuation obtained from an independent valuer. Difference between market value and face value of the equity shares, being the intrinsic value, is recognised as compensation cost over the vesting period.

**Note 3 Share capital:**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of Shares	Rs. in Crores	Number of Shares	Rs. in Crores
<b>(a) Authorised</b>				
Equity shares of Rs. 10 each.....	28,000,000	28.00	28,000,000	28.00
Cumulative redeemable preference shares of Rs. 100 each .....	1,875,000	18.75	1,875,000	18.75
	<u>29,875,000</u>	<u>46.75</u>	<u>29,875,000</u>	<u>46.75</u>
<b>(b) Issued</b>				
Equity shares of Rs. 10 each.....	27,100,007	27.10	27,100,007	27.10
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10 each.....	12,100,007	12.10	12,100,007	12.10
<b>(d) Subscribed but not fully paid up</b>				
Equity shares of Rs. 10 each, Rs. 7 not paid up.....	15,000,000	4.50	15,000,000	4.50
	<u>27,100,007</u>	<u>16.60</u>	<u>27,100,007</u>	<u>16.60</u>

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity shares of Rs. 10 each				
Year ended 31 March, 2016 (Subscribed and fully paid up)				
Number of shares .....	12,100,007	-	-	12,100,007
Amount (Rs. in crores) .....	12.10	-	-	12.10
Year ended 31 March, 2015 (Subscribed and fully paid up)				
Number of shares.....	12,100,007	-	-	12,100,007
Amount (Rs. in crores) .....	12.10	-	-	12.10
Year ended 31 March, 2016 (Subscribed but not fully paid up)				
Number of shares.....	15,000,000	-	-	15,000,000
Amount (Rs. in crores) .....	4.50	-	-	4.50
Year ended 31 March, 2015 (Subscribed but not fully paid up)				
Number of shares.....	15,000,000	-	-	15,000,000
Amount (Rs. in crores) .....	4.50	-	-	4.50

(ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

**Terms/rights attached to equity shares**

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person or being a company present by a representative duly authorised or by proxy who is not himself a member shall have one vote. and (ii) On a poll: one vote for each equity share registered in the name of the member or company present by a representative duly authorised. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) Details of shares held by the holding company

Particulars	As at 31 March, 2016	As at 31 March, 2015
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees) .....	27,100,007	–
Mahindra and Mahindra Limited (including 6 equity shares held jointly with its nominees) .....	–	27,100,006

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees) .....	27,100,007	100%	–	–
Mahindra and Mahindra Limited (including 6 equity shares held jointly with its nominees) .....	–	–	27,100,006	99.999%

Note 4 Reserves and surplus:

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
(a) Capital redemption reserve .....	18.75	18.75
(b) General Reserve		
Opening balance .....	52.87	45.65
Add: Transferred from surplus in the statement of profit and loss .....	–	7.22
Closing balance .....	52.87	52.87
(c) Surplus in the statement of profit and loss		
Opening balance .....	308.88	264.01
Less: FY 2015: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax of Rs. 0.05 crore) (Refer Note 25.3) .....	–	0.10
Add: Profit for the year .....	62.38	72.17
Reversal of tax on dividend paid for 2014-15 .....	0.59	–
Less: Transferred to General Reserve .....	–	7.22
Proposed dividend (Rs. 12 per share [FY 2015 Rs. 10] on fully paid & Rs. 3.60 [FY 2015 Rs. 3] per share on partly paid) .....	19.92	16.60
Tax on dividend .....	4.06	3.38
Closing balance .....	347.87	308.88
	419.49	380.50

Note 5 Long-term provisions:

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
Provision for Employee benefits:		
(i) Provision for gratuity (refer note 26) .....	0.40	–
(ii) Provision for compensated absences .....	2.64	2.09
(iii) Provision for post retirement medical benefits (refer note 26) .....	0.26	0.12
(iv) Provision for other employee benefits (refer note 32) .....	0.31	0.11
	3.61	2.32

Note 6 Short-term borrowings:

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
Unsecured:		
Book overdrawn balance .....	0.09	0.05
	0.09	0.05

Note 7 Trade payables:

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
Trade payables:		
(a) Acceptances .....	47.51	43.96
(b) Other than acceptances		
– total outstanding dues of micro enterprises and small enterprises; and ..	–	–
– total outstanding dues of creditors other than micro enterprises and small enterprises .....	76.87	78.44
	124.38	122.40

Note 8 Other current liabilities:

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
(a) Other payables:		
(i) Statutory remittances (contribution to provident fund and employee state insurance corporation, withholding taxes, service tax, etc.) .....	1.06	0.46
(ii) Value added tax payable .....	4.97	7.03
(iii) Payables on purchase of fixed assets ...	1.04	0.15
(iv) Advance from customers .....	1.85	2.40
(v) Dealer deposit .....	0.70	0.74
	9.62	10.78

Note 9 Short-term provisions:

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits:		
(i) Provision for compensated absences .....	0.48	0.62
(ii) Provision for post retirement medical benefit (refer note 26) .....	0.02	0.01
(iii) Provision for other employee benefits (refer note 32) .....	0.78	0.61
(b) Provision – Others:		
(i) Provision for taxation (net of payments)	2.52	0.57
(ii) Provision for proposed equity dividend ...	19.92	16.60
(iii) Provision for tax on proposed dividend ...	4.06	3.38
	27.78	21.79

Note 10 Fixed assets:

Rs. in Crores

Description of assets	Gross Block			Depreciation and Amortisation							Net Balance as at 31 March, 2016
	Balance as at 1 April, 2015	Additions during the year at cost	Deductions and adjustments during the year	Balance as at 31 March, 2016	Balance as at 1 April, 2015	Depreciation and Amortisation for the year	Deductions of Depreciation and Amortisation	Transition adjustment recorded against surplus balance in statement of profit and loss account	Balance as at 31 March, 2016		
<b>A Tangible assets:</b>											
Land .....	1.11	-	-	1.11	-	-	-	-	-	1.11	
	(1.11)	(-)	(-)	(1.11)	(-)	(-)	(-)	(-)	(-)	(1.11)	
Land – leasehold .....	1.16	-	-	1.16	0.13	0.01	-	-	0.14	1.02	
	(1.16)	(-)	(-)	(1.16)	(0.12)	(0.01)	(-)	(-)	(0.13)	(1.03)	
Buildings * .....	19.81	-	-	19.81	4.83	0.82	-	-	5.65	14.16	
	(19.81)	(-)	(-)	(19.81)	(4.01)	(0.82)	(-)	(-)	(4.83)	(14.98)	
Electrical Installations.....	0.03	0.07	-	0.10	-	0.01	-	-	0.01	0.09	
	(0.03)	(-)	(-)	(0.03)	(-)	(***)	(-)	(-)	(-)	(0.03)	
Plant and equipment .....	61.35	0.44	-	61.79	34.82	3.58	-	-	38.40	23.39	
	(60.88)	(0.47)	(-)	(61.35)	(31.08)	(3.74)	(-)	(-)	(34.82)	(26.53)	
Furniture and fixtures .....	0.48	0.03	-	0.51	0.21	0.07	-	-	0.28	0.23	
	(0.46)	(0.02)	(-)	(0.48)	(0.14)	(0.07)	(-)	(-)	(0.21)	(0.27)	
Vehicles .....	1.59	0.39	0.48	1.50	0.85	0.23	0.42	-	0.66	0.84	
	(1.69)	(0.32)	(0.42)	(1.59)	(0.94)	(0.27)	(0.36)	(-)	(0.85)	(0.74)	
Office equipment.....	0.45	0.08	0.03	0.50	0.32	0.05	0.02	-	0.35	0.15	
	(0.39)	(0.07)	(0.01)	(0.45)	(0.12)	(0.11)	(0.01)	(0.10)	(0.32)	(0.13)	
Computers.....	1.44	0.25	0.11	1.58	1.28	0.09	0.10	-	1.27	0.31	
	(1.38)	(0.08)	(0.02)	(1.44)	(1.17)	(0.08)	(0.02)	(0.05)	(1.28)	(0.16)	
<b>Sub Total A .....</b>	<b>87.42</b>	<b>1.26</b>	<b>0.62</b>	<b>88.06</b>	<b>42.44</b>	<b>4.86</b>	<b>0.54</b>	<b>-</b>	<b>46.76</b>	<b>41.30</b>	
Previous year.....	(86.91)	(0.96)	(0.45)	(87.42)	(37.58)	(5.10)	(0.39)	(0.15)	(42.44)	(44.98)	
<b>(b) Intangible assets:</b>											
Goodwill.....	4.76	-	-	4.76	4.76	-	-	-	4.76	-	
	(4.76)	(-)	(-)	(4.76)	(4.76)	(-)	(-)	(-)	(4.76)	(-)	
Computer software .....	0.58	-	-	0.58	0.51	0.02	-	-	0.53	0.05	
	(0.52)	(0.06)	(-)	(0.58)	(0.51)	(**)	(-)	(-)	(0.51)	(0.07)	
Website.....	0.47	-	-	0.47	0.47	-	-	-	0.47	-	
	(0.47)	(-)	(-)	(0.47)	(0.47)	(-)	(-)	(-)	(0.47)	(-)	
<b>Sub Total B .....</b>	<b>5.81</b>	<b>-</b>	<b>-</b>	<b>5.81</b>	<b>5.74</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>5.76</b>	<b>0.05</b>	
Previous year.....	(5.75)	(0.06)	(-)	(5.81)	(5.74)	(-)	(-)	(-)	(5.74)	(0.07)	
<b>TOTAL (A + B).....</b>	<b>93.23</b>	<b>1.26</b>	<b>0.62</b>	<b>93.87</b>	<b>48.18</b>	<b>4.88</b>	<b>0.54</b>	<b>-</b>	<b>52.52</b>	<b>41.35</b>	
Previous year.....	(92.66)	(1.02)	(0.45)	(93.23)	(43.32)	(5.10)	(0.39)	(0.15)	(48.19)	(45.05)	

\* Includes Rs. 500 (2015: Rs. 500) in respect of 10 shares of Rs. 50 each in Shah and Nahar Industrial Premises (A-1) Co-operative Society Limited.

(\*\*) Represents Rs. 43,423.

(\*\*\*) Represents Rs. 19,359.

Note: figures in brackets are in respect of the previous year.

Note 11 Non current investments:

Rs. in Crores

Particulars	Rs. in Crores		Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015		As at 31 March, 2016	As at 31 March, 2015
<b>(a) Investment in equity shares (Non trade and fully paid-up unless otherwise specified)</b>			50,000 Equity shares of Rs. 10 each in Mahindra Electrical Steel Private Limited .....	0.05	0.05
Unquoted (at cost unless otherwise specified):			10,089,257 Equity shares of Rs. 10 each in Mahindra Steel Service Centre Limited **..	42.45	42.45
500 Ordinary shares of Rs. 1,000 each fully paid up in Seekar Fashions Private Limited..	0.05	0.05	3,49,35,000 (2015: 3,49,35,000) Equity shares of Rs. 10 each in Mahindra Auto Steel Private Limited *** .....	34.93	34.93
Less: Provision for decline, other than temporary, in the value .....	0.05	0.05		79.68	79.68
Nil (March 2015 : 1 Nos) Ordinary Share of Rs. 10 each fully paid up in Mahindra Holdings Limited.....	-	*	<b>(c) Investment in Debentures (trade and fully paid-up unless otherwise specified)</b>		
			Unquoted (at cost unless otherwise specified):		
			In subsidiary company:		
			91,000 nos (March 2015: 107,500 nos)		
<b>(b) Investment in equity shares (Trade and fully paid-up unless otherwise specified)</b>			0.25% Optionally Convertible Unsecured Debentures of Rs. 1,000 each in Mahindra Electrical Steel Private Limited *** .....	9.10	10.75
Unquoted (at cost unless otherwise specified):				88.78	90.43
In subsidiary companies:					
900 Equity shares of USD 550 each in Mahindra Middle East Electrical Steel Service Centre (FZC), Sharjah **.....	2.25	2.25			

\* Amount less than Rs. 1,000.

\*\* Which is also a Joint venture.

\*\*\* During the year the issuer has exercised call option to redeem 16,500 debentures.

**Note 12 Long term loans and advances:**

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
Unsecured, considered good		
(a) Security deposits .....	0.14	0.15
(b) Loans and advances to related party (Refer note 1 below).....	–	0.17
(d) Other Loans and advances		
(i) Advance income tax (net of provisions)	2.44	2.50
(ii) Surplus of plan assets over obligation – gratuity (refer note 26)....	–	0.18
(iii) Other deposits.....	0.23	–
	<u>2.81</u>	<u>3.00</u>

Note 1: Includes Inter corporate deposits to related party:

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
Mahindra Electrical Steel Private Limited.....	–	0.17

**Note 13 Current investments:**

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
Unquoted investments in Mutual funds (At lower of cost and fair value):		
(a) Nil (2015: 72,758.685) units of Rs. 1,000 each in Taurus Liquid Fund – Existing Plan- Super Institutional Growth.....	–	11.00
(b) 1,938,191.086 (2015 : Nil ) units of Rs. 10 each JM High Liquidity – Growth.....	8.00	–
(c) 32,268,582 (2015 : Nil ) units of Rs. 1,000 each Kotak Floater – ST – Reg – Growth.....	8.00	–
(d) 43,568,341 (2015 : Nil ) units of Rs. 1,000 each IDFC Cash Fund – Reg – Growth .....	8.00	–
(e) 61,845,469 (2015 : Nil) units of Rs. 100 each Birla Sun Life Cash Plus – Reg – Growth.....	1.50	–
(f) 3,867,374.770 (2015 : Nil) units of Rs. 10 each HDFC Floating Rate Income Fund – STF – Growth .....	10.07	–
	<u>35.57</u>	<u>11.00</u>

**Note 14 Inventories:**

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
(at lower of cost and net realisable value)		
(a) Raw materials [refer note 21(a)].....	102.89	94.24
Goods in transit .....	51.67	31.08
	<u>154.56</u>	<u>125.32</u>
(b) Work-in-Progress [refer note 21(c)].....	2.12	12.28
(c) Finished goods [refer note 21(c)] .....	15.20	16.22
(d) Stock in trade [refer note 21(c)].....	10.51	6.30
(e) Stores and spares.....	0.81	0.63
	<u>183.20</u>	<u>160.75</u>

**Note 15 Trade receivables:**

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good .....	0.06	0.04
Doubtful.....	1.63	1.63
	<u>1.69</u>	<u>1.67</u>
Less: provision for doubtful trade receivables	(1.63)	(1.63)
	<u>0.06</u>	<u>0.04</u>

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
(b) Other Trade receivables		
Unsecured, considered good .....	172.56	205.19
	<u>172.62</u>	<u>205.23</u>

**Note 16 Cash and cash equivalents:**

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
(a) Cash on hand.....	*	*
(b) Balances with banks		
(i) In current account.....	4.75	6.30
(ii) In deposit account .....	53.81	27.00
	<u>58.56</u>	<u>33.30</u>

\* Represents Rs. 40,122 (2015: Rs. 20,214).

**Note 17 Short term loans and advances:**

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
Unsecured, considered good		
(a) Deposits to related party.....	–	0.02
(b) Prepaid expenses.....	0.03	0.02
(c) Deferred CENVAT credit .....	0.91	0.03
(d) Balances with government authorities:		
(i) CENVAT credit receivable .....	0.33	0.57
(ii) Value added tax credit receivable .....	2.49	3.11
(iii) Service tax credit receivable.....	2.94	2.78
	<u>5.76</u>	<u>6.46</u>
(e) Other loans and advances:		
(i) Advances to suppliers.....	0.13	0.58
(ii) Refund receivable from custom authorities .....	1.30	1.48
(iii) Others.....	0.16	0.12
	<u>1.59</u>	<u>2.18</u>
	<u>8.29</u>	<u>8.71</u>

**Note 18 Other current assets:**

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
(a) Interest accrued on Fixed Deposits .....	1.46	0.52
(b) Interest accrued on investment.....	0.02	0.03
(c) Export benefits licences.....	0.01	–
	<u>1.49</u>	<u>0.55</u>

**Note 19 Revenue from operations:**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>Revenue from –</b>		
(a) Sale of products (Refer Note (i) below) .....	1,068.03	1,243.51
(b) Sale of services (Refer Note (ii) below) .....	5.57	5.89
(c) Other operating revenues (Refer Note (iii) below) .....	27.99	37.02
	<u>1,101.59</u>	<u>1,286.42</u>
Less: Excise duty.....	91.14	92.90
	<u>1,010.45</u>	<u>1,193.52</u>

Note Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(i) Sale of products comprises:		
Manufactured goods		
– Steel products .....	977.45	1,160.72
Traded goods		
– Steel products .....	90.58	82.79
Total – Sale of products.....	<u>1,068.03</u>	<u>1,243.51</u>
(ii) Sale of services comprises:		
– Job work processing .....	0.52	0.52
– Installation/repairs.....	0.13	0.35
– Management fees .....	4.92	5.02
Total – Sale of services .....	<u>5.57</u>	<u>5.89</u>
(iii) Other operating revenues comprise:		
– Scrap sales.....	17.89	25.57
– Commission income.....	6.13	6.93
– Insurance claim .....	0.17	0.22
– Cash discount.....	3.67	4.00
– Other Operating income .....	0.13	0.30
Total – Other operating revenues.....	<u>27.99</u>	<u>37.02</u>
	<u>1,101.59</u>	<u>1,286.42</u>

**Note 20 Other income:**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Interest income:		
Interest on inter-corporate deposits.....	*	0.02
Interest on debentures .....	0.02	0.03
Interest of Fixed Deposits.....	3.75	3.38
On others.....	0.01	0.05
(b) Dividend income:		
(i) from long-term investments in subsidiaries ...	2.90	4.15
(ii) from current investments .....	1.84	2.61
(c) Other:		
– Liabilities no longer required written back ....	0.04	–
– Gain on sale of current investments, net.....	0.02	0.75
– Gain on sale of fixed assets, net.....	**	9.18
	<u>8.58</u>	<u>20.17</u>

\* Represent Rs. 14,130.

\*\* Represent Rs. 38,513 gain on sale of Fixed assets.

**Note 21(a) Cost of materials consumed:**

	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Opening Stock .....	125.32	105.81
Add: Purchases [includes processing charges Rs. 12.45 crores (2015 Rs. 16.97 crores)].....	812.97	1,009.27
	<u>938.29</u>	<u>1,115.08</u>
Less: Closing Stock.....	154.56	125.32
	<u>783.73</u>	<u>989.76</u>

	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Details of Raw materials consumed		
Steel .....	783.73	989.76

	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Details of closing stock of Raw materials		
Steel .....	154.56	125.32

**Note 21(b) Purchase of stock in trade:**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Traded goods : Steel products .....	<u>83.21</u>	<u>76.09</u>

**Note 21(c) Changes in inventories of finished goods, work-in-progress and stock in trade:**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Inventories at the end of the year:		
Finished goods .....	15.20	16.22
Work-in-Progress .....	2.12	12.28
Stock in trade .....	10.51	6.30
	<u>27.83</u>	<u>34.80</u>
Inventories at the beginning of the year:		
Finished goods .....	16.22	11.41
Work-in-Progress .....	12.28	6.59
Stock in trade .....	6.30	3.40
	<u>34.80</u>	<u>21.40</u>
(Increase)/Decrease in Stock.....	<u>6.97</u>	<u>(13.40)</u>

**Details of closing stock of Finished goods, work-in-progress and stock in trade:**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Finished goods		
Steel products .....	15.20	16.22
Work-in-Progress		
Steel products .....	2.12	12.28
Stock-in-trade		
Steel products .....	10.51	6.30
	<u>27.83</u>	<u>34.80</u>



**Note 22 Employee benefits expense:**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Salaries, wages, bonus, etc.....	12.08	10.47
(b) Stock Appreciation Rights expense (refer note 32) .....	1.26	0.81
(c) Contribution to Provident and other funds (refer note 26) .....	0.51	0.46
(d) Gratuity expense (refer note 26) .....	0.40	0.32
(e) Post retirement medical benefit expense (refer note 26) .....	0.21	0.02
(f) Staff welfare .....	0.99	0.82
	<u>15.45</u>	<u>12.90</u>

**Note 23 Finance costs:**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Usance Interest.....	0.82	1.07
(b) Interest on income tax .....	0.13	0.26
(c) Other finance cost .....	0.41	0.39
	<u>1.36</u>	<u>1.72</u>

**Note 24 Other expenses:**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Stores consumed.....	0.41	0.29
(b) Power and fuel.....	0.90	0.88
(c) Rent including lease rentals .....	2.58	2.29
(d) Rates and taxes .....	0.33	0.32
(e) Excise duty (refer note 33) .....	(0.18)	0.67
(f) Insurance.....	0.38	0.77
(g) Repairs and maintenance		
– Buildings.....	0.04	0.03
– Machinery.....	0.22	0.17
– Others.....	0.99	1.01
(h) Freight outward.....	10.40	11.90
(i) Auditors' remuneration (refer note below) .....	0.25	0.18
(j) Directors' fees .....	0.10	0.07
(k) Commission to Non whole time Directors.....	0.39	0.26
(l) Loss on foreign exchange transactions and translations .....	1.92	4.81
(m) Expenditure on CSR activities .....	1.92	1.87
(n) Miscellaneous expenses .....	7.76	5.76
	<u>28.41</u>	<u>31.28</u>

**Note:**

Particulars	Rs. in Crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<u>Payment to auditors:</u>		
To Statutory auditors-		
(a) For audit .....	0.21	0.18
(b) For other services.....	0.04	-
(c) Reimbursement of expenses .....	#	#
	<u>0.25</u>	<u>0.18</u>

# Represents out of pocket expenses Rs. 34,236 (F 2015 : Rs. 36,469).

**Note 25 Additional information to the financial statements:**

**25.1 Contingent liabilities and commitments (to the extent not provided for):**

Particulars	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
(i) Claims against the Company not acknowledged as debts:		
Taxation demand for various assessment years, which is being contested by the Company.....	1.63	0.55
Demand for Maharashtra Value Added Tax (MVAT), Gujarat Value Added Tax (GST), Central Sales Tax (CST) (Maharashtra and Gujarat) for the financial year 2010-2011, MVAT and GST, 2011-12 against which appeals have been filed with the appellate authority .....	3.91	3.54
(ii) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for Other commitments (Refer Note below).....	1.39	-
Total .....	6.93	4.09

Note : The Company has given comfort letter to its wholly owned subsidiary Mahindra Electrical Steel Private Limited (MESPL) to provide such financial support as may be required by MESPL from time to time to meet its financial obligations atleast till 31st March 2017.

**25.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

The identification of vendors as a "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006 (The Act) has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

**25.3** Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Company has, effective 1st April 2014, reviewed and revised the estimated useful life of its fixed assets, in accordance with the provisions of Schedule II to the Act. The carrying amount of the assets as on that date have been depreciated over the remaining useful life of the assets as per Schedule II of the Companies Act, 2013. Consequently, depreciation for the year 2014-15 is lower by Rs. 0.69 Crore. Further, an amount of Rs. 0.10 Crore (net of deferred tax of Rs. 0.05 Crore) has been recognized in the Surplus in the statement of profit and loss for the year 2014-15, where the remaining useful life of such assets is Nil as at 1st April, 2014 in line with the provisions of Schedule II to the Companies Act, 2013.

**25.4 Derivative Instruments:**

The Company has entered into Forward Exchange Contracts (being a derivative instrument), which are not intended for trading or speculative purposes, but for hedge purposes.

(i) The following are the outstanding Forward Exchange Contracts entered into by the Company:

Particulars	Year	Currency	Amt. in FC		Cross currency
			in Crores	Buy/Sell	
Payable on account of Import of Fixed Assets	31 March 2016	EURO	0.01	Buy	Rupees
	31 March 2015	EURO	-	Buy	Rupees
Payable on account of Import of Raw Material	31 March 2016	USD	0.53	Buy	Rupees
	31 March 2015	USD	0.42	Buy	Rupees

(ii) The year end foreign currency exposures that have not been hedged by a derivatives instrument or otherwise are given below.

Particulars	Currency	As at 31 March, 2016		As at 31 March, 2015	
		Amt. in FC in Crores	Rs. Amt. in FC in Crores	Rs.	
Payable on account of Import of Raw Material..	USD	0.74	49.58	0.60	37.84
Receivable on account of commission and services rendered .....	EURO	-	-	#	0.05
	GBP	-	-	##	*
	USD	0.01	0.71	0.01	0.44

# Represents amount EURO 7831.68.

## Represents amount GBP 361.72.

\* Represents amount Rs. 33,141.



(iii) Experience adjustment for gratuity

	Rs. in Crores				
	2016	2015	2014	2013	2012
Defined Benefit obligation.....	2.49	2.11	1.70	1.52	1.30
Fair value of Plan Assets .....	2.09	2.29	1.81	1.70	1.59
Effect of the limit in Para 59(b).....				0.01	0.02
(Deficit)/surplus .....	(0.40)	0.18	0.11	0.17	0.27
Experience Adjustment on plan assets....	0.02	0.05	0.02	*	0.06
Experience Adjustment on plan liabilities.....	0.24	0.04	0.07	0.08	0.38

Due to absence of data provided by LIC, break-up of Plan assets (assets allocation) in insurer managed funds have not been furnished.

(iv) Experience Adjustments of Post-employment medical benefits

	Rs. in Crores				
	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Defined Benefit obligation.....	0.28	0.13	0.11	0.23	0.27
Surplus/(Deficit)....	(0.28)	(0.13)	(0.11)	(0.23)	(0.27)
Experience adjustments on plan liabilities.....	0.20	*	(0.13)	(0.07)	*

(v) Basis used to determine discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at balance sheet date for the estimated term of the obligation.

(vi) Basis used to determine the expected rate of return:

Based on the average long term rate of return expected on investment of the fund, during the estimated term of obligation.

(vii) The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

Note: \* Represents amount less than Rs. 1,00,000 (2015:Rs. 50,000)

Note 27 Segment Reporting:

The company has a single segment namely steel processing for the purpose of accounting standard 17 on segment reporting.

Note 28 Related party transactions:

Related party disclosures as required by AS-18 "Related Party Disclosures" are given below :

(A) List of Related Parties:

	<b>Ultimate Holding Company</b>
M & M	Mahindra & Mahindra Limited (w.e.f. 18th January, 2016)
	<b>Holding Company</b>
M & M	Mahindra & Mahindra Limited (Up to 17th January, 2016)
MVML	Mahindra Vehicle Manufacturers Limited (w.e.f. 18th January, 2016)
	<b>Subsidiary Companies</b>
MESPL	Mahindra Electrical Steel Private Limited
	<b>Subsidiary Companies and Joint Ventures</b>
MMESS	Mahindra MiddleEast Electrical Steel Service Centre (FZC)
MSSCL	Mahindra Steel Service Centre Limited
MASPL	Mahindra Auto Steel Private Limited (which became a Joint Venture in the Previous Year)
	<b>Key Managerial Personnel</b>
	Mr. Harsh Kumar, Managing Director (Up to 30th September, 2015)
	Mr. Sumit Issar, Managing Director (w.e.f. 1st October, 2015)
	Mr. Zoooben Bhiwandiwalla, Executive Director
	<b>Other parties with whom transactions have taken place during the year</b>
	Fellow Subsidiaries:
MUSCO	Mahindra Ugine Steel Company Limited ( Up to 9th December, 2014)
MLL	Mahindra Logistics Limited
MHRIL	Mahindra Holidays & Resorts India Limited
MRL	Mahindra Retail Private Limited
MVML	Mahindra Vehicle Manufacturers Limited (Up to 17th January, 2016)
MBPO	Mahindra Integrated Business Solutions Private Limited
MSONAL	Mahindra Sona Limited
NBS	NBS International Limited
MSSPL	Mahindra Sanyo Special Steel Private Limited
MFCWL	Mahindra First Choice Wheels Limited
MECP	Mahindra Engineering & Chemical Products Limited

(B) Disclosure of transactions with other related parties during the year ended 31st March, 2016 and the status of outstanding balances as on 31st March, 2016:

(a) Particulars	Rs. in Crores								
	Ultimate Holding Company		Holding Company		Subsidiary Company/ Subsidiary Companies and Joint Ventures		Fellow Subsidiaries		
	w.e.f. 18th January, 2016	2015	Up to 17th January, 2016	w.e.f. 18th January, 2016	2015	2016	2015	2016	2015
Purchase of finished goods .....	-	-	-	-	-	0.15	*	-	-
Purchase of fixed assets.....	-	-	0.07	-	0.11	-	-	0.03	-
Sale of fixed assets .....	-	-	0.03	-	-	-	22.35	-	-
Processing charges paid.....	-	-	-	-	-	12.49	16.97	-	-
Sale of finished goods ** .....	35.06	-	134.62	22.03	192.62	32.68	38.60	83.67	312.60
Management Fees ** .....	-	-	-	-	-	4.92	5.02	-	-
Deputation of personnel to related parties.....	0.05	-	0.14	-	-	0.50	0.51	-	-
Deputation of personnel from related parties...	0.05	-	0.12	-	0.09	0.08	0.08	-	-
Other income.....	-	-	-	-	-	0.06	0.06	-	-
Other expenses.....	0.68	-	1.84	-	2.26	0.99	0.76	0.06	0.24
Reimbursement received from parties.....	0.01	-	0.05	-	0.17	0.19	0.27	-	*
Reimbursement made to parties.....	0.64	-	0.73	-	1.15	0.02	0.21	0.04	0.03
Interest received .....	-	-	-	-	-	0.02	0.04	-	-
Dividend received.....	-	-	-	-	-	2.90	4.15	-	-
Inter corporate deposits placed.....	-	-	-	-	-	-	1.69	-	-
Inter corporate deposits refunded by parties...	-	-	-	-	-	-	1.57	-	-
Other Deposits placed.....	-	-	-	-	-	-	0.03	-	0.02
Investment in Equity Shares.....	-	-	-	-	-	-	34.92	-	-
Redemption of Debentures.....	-	-	-	-	-	1.65	-	-	-
Refund of Deposit.....	-	-	-	-	-	0.02	-	-	-
Dividend on equity shares for the previous year paid during the current year.....	-	-	16.60	-	16.60	-	-	-	-

\* Represents amount less than Rs. 1 lakh.

\*\* excluding taxes.

	2016 Rs. in Crores	2015 Rs. in Crores
<b>(b) Transactions with Key Management Personnel:</b>		
Managerial Remuneration		
Mr. Harsh Kumar, Managing Director @ .....	1.05	2.22
Mr. Sumit Issar, Managing Director @ .....	0.25	-
Mr. Zhooben Bhiwandiwalla, Executive Director.....	0.48	0.22
	2016 Rs. in Crores	2015 Rs. in Crores
<b>(c) Outstanding receivables as on 31<sup>st</sup> March:</b>		
From Ultimate Holding Company.....	2.67	-
From Holding Company .....	3.01	1.43
From Subsidiary Company/Subsidiary Companies and Joint Ventures (including Inter-corporate Deposits & Interest thereon) .....	11.78	29.35
From Fellow subsidiaries.....	0.01	2.74
	2016 Rs. in Crores	2015 Rs. in Crores
<b>(d) Outstanding payables as on 31<sup>st</sup> March:</b>		
To Fellow Subsidiaries.....	0.11	0.11
To Key Managerial Personnel .....	0.70	0.62

@ Excludes provision for gratuity, compensated absences and post retirement medical benefits, which is determined on the basis of actuarial valuation done on overall basis for the Company.

**(e) Disclosure of transactions between the Company and fellow subsidiaries and the status of outstanding balance as on 31st March, 2016:**

	(Rs. in Crores)																
	Subsidiary Company/Subsidiary Companies and Joint Ventures					Fellow Subsidiaries											
	MMESS	MSSCL	MESPL	MASPL	TOTAL	MUSCO	MLL	MHRIL	MRL	MVML	MBPO	MSONAL	NBS	MSSPL	MFCWL	MECP	TOTAL
Purchase of finished goods .....	-	-	-	0.15	0.15	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(*)	(-)	(-)	(*)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Purchase of fixed assets.....	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	0.03
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of fixed assets .....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(22.35)	(22.35)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Processing charges paid.....	-	12.45	-	0.04	12.49	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(16.97)	(-)	(-)	(16.97)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of finished goods **.....	-	26.66	-	6.02	32.68	-	-	-	83.67	-	-	-	-	-	-	-	83.67
	(-)	(38.60)	(-)	(-)	(38.60)	(225.63)	(-)	(-)	(-)	(86.97)	(-)	(-)	(-)	(-)	(-)	(-)	(312.60)
Management Fees ** .....	0.92	1.61	-	2.39	4.92	-	-	-	-	-	-	-	-	-	-	-	-
	(0.88)	(1.64)	(-)	(2.50)	(5.02)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Deputation of personnel to related parties...	-	0.43	-	0.07	0.50	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.41)	(-)	(0.10)	(0.51)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Deputation of personnel from related parties	-	0.06	-	0.02	0.08	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.08)	(-)	(-)	(0.08)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Other income.....	-	0.06	-	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.06)	(-)	(-)	(0.06)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Other expenses.....	-	0.93	-	0.06	0.99	-	0.02	0.01	-	0.01	0.01	0.01	-	-	-	-	0.06
	(-)	(0.76)	(-)	(-)	(0.76)	(0.06)	(-)	(0.15)	(-)	(-)	(0.01)	(*)	(0.02)	(-)	(-)	(-)	(0.24)
Reimbursement received from parties.....	0.05	0.12	-	0.02	0.19	-	-	-	*	-	-	-	-	-	-	-	-
	(0.02)	(0.24)	(*)	(0.01)	(0.27)	(-)	(-)	(-)	(*)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(*)
Reimbursement made to parties.....	*	0.02	-	0.02	-	-	0.03	-	-	-	-	-	-	-	-	0.01	0.04
	(-)	(0.21)	(-)	(-)	(0.21)	(*)	(0.02)	(-)	(-)	(-)	(-)	(-)	(0.01)	(-)	(-)	(-)	(0.03)
Interest received .....	-	-	0.02	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(0.03)	(0.01)	(0.04)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Dividend Received .....	1.89	1.01	-	-	2.90	-	-	-	-	-	-	-	-	-	-	-	-
	(3.60)	(0.55)	(-)	(-)	(4.15)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Inter corporate deposits placed.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(0.12)	(1.57)	(1.69)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Inter corporate deposits refunded by parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(1.57)	(1.57)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Other Deposits placed.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.03)	(-)	(-)	(0.03)	(0.02)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.02)
Investment in Equity Shares.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(34.92)	(34.92)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Redemption of Debentures.....	-	-	1.65	-	1.65	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Refund of Deposit.....	-	0.02	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.01)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)



	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
b) Deferred tax liabilities (net).....	6.09	6.48
c) Long term provision.....	0.63	0.44
2. Current liabilities		
a) Short term borrowings.....	14.46	2.17
b) Trade payables.....	40.14	43.71
c) Other current liabilities.....	5.45	8.35
d) Short term provision.....	0.25	1.34
III. INCOME		
1. Revenue from operations (net).....	118.86	91.92
2. Other income.....	0.05	0.23
IV. EXPENDITURE		
1. Cost of sales.....	91.27	63.31
2. Employee benefits expenses.....	5.38	4.54
3. Finance cost.....	1.79	2.12
4. Depreciation.....	5.93	5.93
5. Other expenses.....	9.58	8.01
V. Contingent liabilities.....	0.79	0.14
VI. Capital commitments.....	*	0.04

\* Represent Rs. 26,230.

C. Mahindra Auto Steel Private Limited

	Rs. in Crores	
	As at 31 March, 2016	As at 31 March, 2015
I. ASSETS		
1. Non current assets		
a) Fixed assets.....	48.40	40.10
b) Long term loans and advances.....	0.75	0.46
2. Current assets		
a) Current investment.....	0.24	4.08
b) Cash and cash equivalents.....	*	2.62
c) Short term loans and advances.....	3.83	3.20
d) Other Current Assets.....	0.82	0.14
II. LIABILITIES		
1. Non current liabilities		
a) Long term borrowings.....	21.10	11.24
b) Long term provision.....	0.13	0.07
2. Current liabilities		
a) Trade payables.....	4.14	0.01
b) Other current liabilities.....	3.06	4.22
c) Short term provision.....	0.03	0.01
d) Short term borrowing.....	1.91	-
III. INCOME		
1. Revenue from operations (net).....	31.40	-
2. Other income.....	0.12	0.64
IV. EXPENDITURE		
1. Cost of sales.....	23.28	-
2. Employee benefits expenses.....	0.64	-
3. Finance cost.....	1.25	0.01
4. Depreciation.....	1.64	-
5. Other expenses.....	1.67	0.05
V. Capital commitments.....	-	4.36

\* Represent Rs. 4,830.

### 32. Stock Appreciation Rights:

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS-2013) during the years ended 31st March 2013, 31st March 2014, 31st March, 2015 and 31st March 2016. Under the scheme, eligible employees are entitled to receive appreciation in value of equity shares over its face value on exercise of the SARs. The SARs may be exercised up to a period of three years from the date of vesting.

The compensation cost of SARs granted to employees is accounted by the Company using the intrinsic value method. The fair value of the equity shares is based on valuation obtained from an independent valuer. Difference between market value and face value of the equity shares, being the intrinsic value, has been recognised as compensation cost over the vesting period. The related expenses for SARs amounting to Rs. 1.26 crores (2015: Rs. 0.81 crores) has been recognised as employee cost.

#### Summary of SARs:

SARs outstanding on 1st April 2015	357,277
SARs granted during the year	31,677
SARs exercised during the year	123,747
SARs outstanding on 31st March 2016	265,207

The fair value of SARs granted during the year is Rs. 84.51 per SARs.

Had the Company adopted fair value method as described in the Guidance note on Accounting for Employee Share - based Payments issued by the Institute of Chartered Accountants of India, the employee compensation cost would have been lower by Rs. 0.39 crore, profit after tax higher by Rs. 0.25 crore and the earnings per share would have been higher by Re. 0.15

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

	Grant dated 28 <sup>th</sup> January, 2016	Grant dated 28 <sup>th</sup> January, 2015
Risk free interest rate	Annualised continuously compounded rate on safe asset with same maturity	
Expected volatility	15.94%	13.51%
Expected dividend yield	7.04%	8.95%

#### Note 33 Excise duty:

Excise duty disclosed under "Other Expenses" (Note 24) represents the difference between the excise duty on opening stock and closing stock of finished goods.

#### Note 34 Corporate social responsibilities (CSR):

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 1.84 cr (FY 2015: Rs. 1.88). CSR amount spent during the year is Rs. 1.92 cr (FY 2015 : Rs. 1.87 cr).

#### Note 35 Previous year's figures:

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

<b>Bharat Doshi</b>	Chairman
<b>Zhooben Bhiwandiwal</b>	Executive Vice-Chairman
<b>Sumit Issar</b>	Managing Director
<b>Rajeev Dubey</b>	Directors
<b>Sudhir Mankad</b>	
<b>P. N. Shah</b>	
<b>Parag Shah</b>	
<b>Dr Punita Kumar Sinha</b>	
<b>Percy Mahernosh</b>	Chief Financial Officer
<b>Romali Malvankar</b>	Company Secretary

Place: Mumbai  
Date : 27 April, 2016

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. cr)

Sr. No. --->		1	2	3	4
	Name of the subsidiary ----->	Mahindra Steel Service Centre Limited	Mahindra Auto Steel Private Limited	Mahindra Electrical Steel Private Limited	Mahindra Middle East Electrical Steel Service Centre[FZC]
Sr. No.	Particulars â				
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 March 2016	31 March 2016	31 March 2016	31 March 2016
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	Reporting currency: USD Exchange Rate INR66.35/1USD
3.	Share capital	16.54	68.50	0.05	3.65
4.	Reserves & surplus	80.89	6.32	(1.93)	27.91
5.	Total assets	215.71	134.77	7.40	47.24
6.	Total Liabilities	215.71	134.77	7.40	47.24
7.	Investments	-	0.47*	-	-
8.	Turnover	194.93	61.82	0.75	37.67
9.	Profit before taxation	8.12	6.00	0.53	0.37
10.	Provision for taxation	2.63	(0.54)	0.11	-
11.	Profit after taxation	5.49	6.54	0.42	0.37
12.	Proposed Dividend	1.16	-	-	-
13.	% of shareholding	61%	51%	100%	90%
Names of subsidiaries which are yet to commence operations					
1.	Mahindra Electrical Steel Private Limited				
Names of subsidiaries which have been liquidated or sold during the year- Nil					

\* comprises investment of current nature

**Part "B": Associates and Joint Ventures**

NIL
-----

**For and on behalf of the Board**

<b>Bharat Doshi</b>	Chairman
<b>Zhooben Bhiwandiwala</b>	Executive Vice-Chairman
<b>Sumit Issar</b>	Managing Director
<b>Percy Mahernosh</b>	Chief Financial Officer
<b>Romali M. Malvankar</b>	Company Secretary

Mumbai, April 27, 2016

## DIRECTORS' REPORT

Your Directors present their Seventh Report, together with the Audited Financial Statements of your Company for the year ended 31<sup>st</sup> March, 2016.

	(Amount in Rs.)	
	<b>For the year ended 31<sup>st</sup> March</b>	
	<b>2016</b>	2015
<b>FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS</b>		
Income .....	<b>74,81,599</b>	66,764
Profit/(Loss) before taxation.....	<b>53,04,565</b>	(25,99,491)
Less: Provision for taxation: .....	<b>10,54,191</b>	-
Profit/(Loss) for the year after tax.....	<b>42,50,374</b>	(25,99,491)
Balance brought forward from earlier years .....	<b>(2,36,04,444)</b>	2,10,04,953
Loss carried forward to balance sheet.....	<b>1,93,54,070</b>	2,36,04,444
Net worth.....	<b>(1,88,54,070)</b>	(2,31,04,444)

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

### OPERATIONS

Your Company is currently evaluating options for its project in Western India. During the year under review, your Company had sold its land at Naini at a profit. Your Company's income for the year was Rs. 74.82 Lakhs as against Rs. 0.67 Lakhs in the previous year. The profit after tax for the year was Rs. 42.50 Lakhs as against a loss of Rs. 25.99 Lakhs in the previous year.

### DIVIDEND

Your directors do not recommend any dividend on equity shares for the year.

### SHARE CAPITAL

The authorised share capital of your Company as on 31<sup>st</sup> March, 2016 stood at Rs. 15 crores divided into 1,50,00,000 equity shares of Rs. 10/- each. The paid-up share capital of the Company as on 31<sup>st</sup> March, 2016 stood at Rs. 5 Lakhs divided into 50,000 equity shares of Rs. 10/- each.

### ALLOTMENT OF SHARES

On 26<sup>th</sup> April, 2016 your Company allotted additional 2,50,000 Equity Shares of Rs. 10 each aggregating to Rs. 25 Lakhs and hence the paid-up share capital as on date of this Report stood at Rs. 30 Lakhs divided into 3 lakh equity shares of Rs. 10/- each.

### BOARD OF DIRECTORS

#### Composition:

Presently, the Board comprises of the following directors:

Director (DIN)	Designation
Mr. Rajeev Dubey (00104817)	Director
Mr. Sumit Issar (06951249)	Director

Mr. Harsh Kumar (DIN: 00082621) ceased to be the Director of your Company with effect from 1<sup>st</sup> October, 2015. The Board places on record its sincere appreciation for the guidance provided by Mr. Kumar during his tenure as Director of your Company.

Mr. Sumit Issar retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

The directors have immense experience in business related to trading, finance and general corporate management.

### Board Meetings and Annual General Meeting of the Company:

The Board met four times during the year under review, i.e., on 30<sup>th</sup> April, 2015, 28<sup>th</sup> July, 2015, 23<sup>rd</sup> November, 2015 and 21<sup>st</sup> January, 2016. The gap between two consecutive Board Meetings did not exceed 120 days. The 6<sup>th</sup> Annual General Meeting of the Company was held on 28<sup>th</sup> July, 2015.

The attendance of the Directors at the Board Meetings of the Company were as under:

Name of the Director	No. of Board Meetings attended
# Mr. Harsh Kumar	2
Mr. Sumit Issar	4
Mr. Rajeev Dubey	3

# ceased to be Director of the company w.e.f. 1<sup>st</sup> October, 2015.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your directors, based on representation from operating management, and after due enquiry, confirm that:

- in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016 the applicable accounting standards have been followed;
- 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 at the end of the financial year on 31<sup>st</sup> March, 2016 and of the loss of the Company for the financial year ended on that date;
- they have taken proper and sufficient care 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;
- they have prepared annual accounts on a going concern basis; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



**CODE OF CONDUCT**

Your Company has adopted Code of Conduct for its directors which enunciates the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year, received declarations from directors, affirming compliance with the Code.

**STATUTORY AUDITORS**

At the Fifth Annual General Meeting, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (ICAI registration number 117365W) were appointed as Statutory Auditors of your Company for a period of five years. They hold office from the conclusion of the Fifth Annual General Meeting till the conclusion of the Tenth Annual General Meeting.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, members are requested to ratify the appointment of Statutory Auditors at the ensuing Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

**FRAUDS REPORTED BY AUDITORS**

During the year under review, the Statutory Auditors, have not reported any instances of frauds committed in the Company by its officers or employees to the Board of Directors under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

**INTERNAL CONTROLS**

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is in the opinion of the Board, commensurate with the Company's size. Your Company conducts reviews to assess the adequacy of these controls for its business.

**RISK MANAGEMENT POLICY**

Your Company has formulated a risk management policy to address risks which, in the opinion of the Board, may threaten the existence of the Company.

**PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS**

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of Chapter V of Companies Act, 2013.

The Company has not granted any loans, provided any securities and not made any investments pursuant to Section 186 of the Companies Act, 2013 during the year under review. Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and

53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the ultimate Parent Company, Mahindra & Mahindra Limited.

**PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES**

There are no contracts or arrangements under Section 188(1) of the Companies Act, 2013 with related parties of the Company which require reporting. Details of the transactions with related parties as required to be reported in line with the applicable accounting standards may be referred to under notes to the financial statements.

**EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31<sup>st</sup> March, 2016 is furnished as **Annexure I** and forms part of this report.

**THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for prevention of sexual harassment.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are furnished in **Annexure II** and forms part of this report.

**GENERAL DISCLOSURE**

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- a) provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013
- b) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- c) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- d) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- e) No significant or material orders were passed by regulators or courts or tribunals which impact the Company's going concern status and operations in future.

**ACKNOWLEDGEMENTS**

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

**For and on behalf of the Board**

**Rajeev Dubey**  
Director

**Sumit Issar**  
Director

Mumbai, 26<sup>th</sup> April, 2016

**ANNEXURE I TO THE DIRECTORS' REPORT**

Form No. MGT-9

**Extract of Annual Return****as on the financial year ended on 31<sup>st</sup> March, 2016***[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS:**

i.	Corporate Identification Number (CIN)	:	U27100MH2009PTC193205
ii.	Registration Date	:	June 10, 2009
iii.	Name of the Company	:	Mahindra Electrical Steel Private Limited
iv.	Category/Sub-Category of the Company	:	Company limited by shares/Indian Non-Government Company
v.	Address of the Registered office and contact details	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24905623 Fax: +91-22-24951236 Contact: <a href="mailto:malvankar.romali@mahindra.com">malvankar.romali@mahindra.com</a>
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	–	–	–

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U51900MH1978PLC020222	Holding Company	100	2 (46)
2	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	–	2 (46)

**IV. SHAREHOLDING PATTERN (Equity Share Capital break-up as percentage of total equity)****(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100	–	50,000	50,000	100	–
e) Banks/Fl	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
<b>Sub-Total (A)(1):</b>	–	<b>50,000</b>	<b>50,000</b>	<b>100</b>	–	<b>50,000</b>	<b>50,000</b>	<b>100</b>	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	50,000	50,000	100	-	50,000	50,000	100	-
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):</b>	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
<b>Sub-Total (B)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	50,000	50,000	100	-	50,000	50,000	100	-

**(ii) Shareholding of Promoters (equity):**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Intertrade Limited	49,994	100	-	49,994	100	-	-
2.	*Mr. Zhooben Bhiwandiwala (Nominee of Mahindra Intertrade Limited)	1	-	-	1	-	-	-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
3.	*Mr. Harsh Kumar (Nominee of Mahindra Intertrade Limited)	1	-	-	1	-	-	-
4.	*Mr. Narayan Shankar (Nominee of Mahindra Intertrade Limited)	1	-	-	1	-	-	-
5.	*Mr. S Venkatraman (Nominee of Mahindra Intertrade Limited)	1	-	-	1	-	-	-
6.	*Mr. K. Chandrasekar (Nominee of Mahindra Intertrade Limited)	1	-	-	1	-	-	-
7.	*Ms. Jyoti Walunj (Nominee of Mahindra Intertrade Limited)	1	-	-	1	-	-	-
<b>Total</b>		<b>50,000</b>	<b>100</b>	<b>-</b>	<b>50,000</b>	<b>100</b>	<b>-</b>	<b>-</b>

\* Held for Mahindra Intertrade Limited by its nominees to comply with the statutory provisions in respect of minimum numbers of member.

**(iii) Change in Promoters' Shareholding**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	<b>Mahindra Intertrade Limited</b>				
	<b>At the beginning of the year</b>	<b>50,000</b>	<b>100</b>	<b>50,000</b>	<b>100</b>
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	-	-	-	-
	<b>At the end of the year</b>	<b>50,000</b>	<b>100</b>	<b>50,000</b>	<b>100</b>

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	<b>At the beginning of the year</b>	-	-	-	-
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	<b>At the beginning of the year</b>	–	–	–	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity)	–	–	–	–
	<b>At the end of the year</b>	–	–	–	–

**V. INDEBTEDNESS:**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	–	1,092.25	–	1,092.25
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	1.82	–	1.82
<b>Total (i + ii + iii)</b>	–	1,094.07	–	1,094.07
<b>Change in indebtedness during the financial year</b>				
• Addition	–	15.00	–	15.00
• Reduction	–	(182.43)	–	(182.43)
<b>Net Change</b>	–	(167.43)	–	(167.43)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	–	925.00	–	925.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	1.64	–	1.64
<b>Total (i + ii + iii)</b>	–	926.64	–	926.64

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5.	Others, please specify (SAR's)	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act			–

**B. Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors			
	• Fee for attending board/committee meetings	--	--	--
	• Commission	--	--	--
	• Others, please specify	--	--	--
	<b>Total (1)</b>	--	--	--
2.	Other Non-Executive Directors			
	• Fees for attending board/committee meetings	--	--	--
	• Commission	--	--	--
	• Others, please specify	--	--	--
	<b>Total (2)</b>	--	--	--
	Total (B) = (1 + 2)	--	--	--
	Total Managerial Remuneration	--	--	--
	Overall Ceiling as per the Act	--	--	--

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	--	--	--	--
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	--	--	--	--
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission				
	- as % of profit	--	--	--	--
	- others, specify	--	--	--	--
5.	Others, please specify	--	--	--	--
	<b>Total</b>	--	--	--	--

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>B. DIRECTORS</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

For and on behalf of the Board

Rajeev Dubey  
Director

Sumit Issar  
Director

Mumbai, 26<sup>th</sup> April, 2016

**ANNEXURE II TO THE DIRECTORS' REPORT****PARTICULARS AS PER RULE 8(3) THE COMPANIES (ACCOUNTS) RULES, 2014****A. CONSERVATION OF ENERGY**

- (a) the steps taken or impact on conservation of energy: **Nil**  
 (b) the steps taken by the company for utilizing alternate sources of energy: **Nil**  
 (c) the capital investment on energy conservation equipments: **Nil**

**B. TECHNOLOGY ABSORPTION**

- i) the efforts made towards technology absorption: **Nil**  
 ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**  
 iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –  
 (a) the details of technology imported: **Nil**  
 (b) the year of import: **Nil**  
 (c) whether the technology been fully absorbed: **Nil**  
 (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Nil**  
 iv) the expenditure incurred on Research and Development: **Nil**

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:  
(in terms of actual inflow and outflow)**

Total Foreign Exchange Earned and Used:

	(Amount in Rs.)	
	<b>For the Financial Year Ended 31<sup>st</sup> March, 2016</b>	For the Financial Year Ended 31 <sup>st</sup> March, 2015
Total Foreign Exchange Earned	<b>NIL</b>	NIL
Total Foreign Exchange Used	<b>NIL</b>	NIL

**For and on behalf of the Board**

**Rajeev Dubey**  
*Director*

**Sumit Issar**  
*Director*

*Mumbai, 26<sup>th</sup> April, 2016*

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA ELECTRICAL STEEL PRIVATE LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA ELECTRICAL STEEL PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the

Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Emphasis of Matter

We draw attention to Note 19 to the financial statements, as stated in the Note, although the accumulated losses as at the year end has wiped out the net worth of the Company, the financial statements have been prepared on a going concern basis for the reason stated therein.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e) The going concern matter under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer



to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*  
(Firm's Registration No. 117365W)

**Uday M. Neogi**  
*Partner*  
(Membership No. 30235)

*Mumbai, 26<sup>th</sup> April, 2016*

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Mahindra Electrical Steel Private Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Mahindra Electrical Steel Private Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*  
(Firm’s Registration No. 117365W)

**Uday M. Neogi**  
*Partner*  
(Membership No. 30235)

Mumbai, 26<sup>th</sup> April, 2016

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Mahindra Electrical Steel Private Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed asset.
- (b) The Company has not commenced any operations and has only leasehold land as its fixed asset, which have been verified by the Management during the year.
- (c) According to the information and explanations given to us and the records examined by us, in respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the Offer-cum-Allotment letter is in the name of the Company, where the Company is the licensee in the letter. The License Agreement is yet to be executed.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company’s business/ activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Income-tax and other material statutory dues applicable to it with the appropriate authorities and there were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of Income-tax and other material statutory dues which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loan or borrowing to banks and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, there is no amount payable as a managerial remuneration under the provisions of Section 197 to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) The provisions of Section 177 of the Companies Act, 2013 do not apply to the Company. In our opinion and according to the information and explanations given to us the Company is in compliance with the provision of Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm’s Registration No. 117365W)

**Uday M. Neogi**  
Partner  
(Membership No. 30235)

Mumbai, 26<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31 MARCH, 2016**

Particulars	Note No.	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital .....	3	500,000	500,000
(b) Reserves and surplus .....	4	(19,354,070)	(23,604,444)
		(18,854,070)	(23,104,444)
<b>2. Non current liabilities</b>			
(a) Long-term borrowings .....	5	91,000,000	108,525,000
<b>3. Current liabilities</b>			
(a) Short-term borrowings.....	6	1,500,000	700,000
(b) Trade payables .....	7		
– total outstanding dues of micro enterprises and small enterprises; and .....		–	–
– total outstanding dues of creditors other than micro enterprises and small enterprises.....		206,305	130,266
(c) Other current liabilities.....	8	184,634	3,166,791
		1,890,939	3,997,057
<b>TOTAL.....</b>		<b>74,036,869</b>	<b>89,417,613</b>
<b>B. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets .....	9	73,310,132	74,085,744
(b) Long term loans & advances .....	10	16,000	–
		73,326,132	74,085,744
<b>2. Current assets</b>			
(a) Cash and cash equivalents.....	11	710,737	2,897,418
(b) Other current assets .....	12	–	12,434,451
		710,737	15,331,869
<b>TOTAL.....</b>		<b>74,036,869</b>	<b>89,417,613</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Uday M. Neogi**  
Partner

Place : Mumbai  
Date : 26 April, 2016

For and on behalf of the Board of Directors

**Sumit Issar****Rajeev Dubey**

Place : Mumbai  
Date : 26 April, 2016

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

Particulars	Note No.	For the Year ended	For the Year ended
		31 March, 2016	31 March, 2015
		Rupees	Rupees
<b>1. Income</b>			
Other Income.....	13	7,481,599	66,764
		7,481,599	66,764
<b>2. Expenses</b>			
(a) Finance cost .....	14	234,912	347,559
(b) Amortisation expense .....	9	775,612	991,307
(c) Other expenses.....	15	1,166,510	1,327,389
<b>Total expenses.....</b>		<b>2,177,034</b>	<b>2,666,255</b>
<b>3. Profit/(Loss) before tax.....</b>		<b>5,304,565</b>	<b>(2,599,491)</b>
<b>4. Tax expense</b>			
(a) Current tax expense .....		1,028,000	–
(b) Short provision for tax relating to an earlier year.....		26,191	–
		1,054,191	–
<b>5. Profit/(Loss) for the year (3-4).....</b>		<b>4,250,374</b>	<b>(2,599,491)</b>
<b>6. Earnings per share (of Rs. 10/- each):</b>	18		
Basic/Diluted.....		85.01	(51.99)

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Uday M. Neogi**  
Partner

Place : Mumbai  
Date : 26 April, 2016

For and on behalf of the Board of Directors

**Sumit Issar**

**Rajeev Dubey**

Place : Mumbai  
Date : 26 April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	For the Year ended 31 March, 2016		For the Year ended 31 March, 2015	
	Rupees	Rupees	Rupees	Rupees
<b>A. Cash flow from operating activities</b>				
Profit/(Loss) before tax.....		5,304,565		(2,599,491)
<u>Adjustments for:</u>				
Profit on sale of leasehold rights.....	(7,481,599)		–	
Amortisation expense.....	775,612		991,307	
Finance costs.....	234,912		347,559	
		(6,471,075)		1,338,866
Operating loss before working capital changes.....		(1,166,510)		(1,260,625)
<u>Changes in working capital:</u>				
Adjustment for increase/(decrease) in operating liabilities				
Trade payables.....	76,039		(61,034)	
Other current liabilities.....	4,242		1,609	
		80,281		(59,425)
Cash generated from operations.....		(1,086,229)		(1,320,050)
Net income tax paid.....		(1,070,191)		–
<b>Net cash flow used in operating activities (A).....</b>		<b>(2,156,420)</b>		<b>(1,320,050)</b>
<b>B. Cash flow from investing activities</b>				
Advance received towards transfer of leasehold rights-Naini.....		–		2,969,032
Balance proceeds from transfer of leasehold rights-Naini.....		16,947,018		–
<b>Net cash flow from investing activities (B).....</b>		<b>16,947,018</b>		<b>2,969,032</b>
<b>C. Cash flow from financing activities</b>				
Redemption of debentures.....	(16,500,000)		–	
Proceeds from short term borrowings.....	1,500,000		–	
Inter Corporate Deposits received.....	–		1,225,000	
Repayment of Inter Corporate Deposit.....	(1,725,000)		–	
Interest paid.....	(252,279)		(348,130)	
<b>Net cash flow from financing activities (C).....</b>		<b>(16,977,279)</b>		<b>876,870</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C).....</b>		<b>(2,186,681)</b>		<b>2,525,852</b>
Cash and cash equivalents at beginning of the year.....		2,897,418		371,566
Cash and cash equivalents at end of the year.....		710,737		2,897,418
		(2,186,681)		2,525,852
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 11).....		710,737		2,897,418
See accompanying notes forming part of the financial statements				

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Uday M. Neogi**  
Partner

Place : Mumbai  
Date : 26 April, 2016

For and on behalf of the Board of Directors

**Sumit Issar**

**Rajeev Dubey**

Place : Mumbai  
Date : 26 April, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1 Corporate information:

Mahindra Electrical Steel Limited was incorporated in India on 10 June, 2009 as a Public Company with authorised share capital of Rs. 150,000,000. The Ministry of Corporate Affairs approved the change of name from Mahindra Electrical Steel Limited to Mahindra Electrical Steel Private Limited with effect from 13 January, 2012. The Company is a public Company by virtue of proviso to Section 2(71) of the Companies Act, 2013 ("the 2013 Act") as it is a subsidiary of a public limited Company. The Company's main object is to trade in or process non-ferrous/ferrous materials including various grades of steel.

### 2 Significant Accounting Policies followed by the Company

#### 2.1 Basis of accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the 2013 Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the 2013 Act. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

#### 2.2 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

#### 2.3 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.4 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.5 Fixed Assets:

(a) Fixed Assets are stated at cost less accumulated depreciation/amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.

(b) Leasehold land is amortized over the balance period of the lease.

#### 2.6 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

### 2.7 Taxes on income:

Tax expense consists of current tax and deferred tax. Current tax is determined as either (i) the amount of tax payable in respect of taxable income after considering usual allowances and disallowances under the Income-tax, 1961 or (ii) Minimum Alternate Tax for the year. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of the earlier years.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### 2.8 Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

### Note 3 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of Shares	Rupees	Number of Shares	Rupees
<b>(a) Authorised</b>				
Equity Shares of Rs. 10 each.....	15,000,000	150,000,000	15,000,000	150,000,000
	<u>15,000,000</u>	<u>150,000,000</u>	<u>15,000,000</u>	<u>150,000,000</u>
<b>(b) Issued, subscribed and fully paid up</b>				
Equity Shares of Rs. 10 each.....	50,000	500,000	50,000	500,000
	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
For the year ended 31 March, 2016				
Number of shares.....	50,000	-	-	50,000
Amount (in Rupees) .....	500,000	-	-	500,000

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
For the year ended 31 March, 2015				
Number of shares.....	50,000	-	-	50,000
Amount (in Rupees) .....	500,000	-	-	500,000

(ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(iii) **Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights  
 (i) On a show of hands: one vote for a member present in person and  
 (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/more than sufficient to repay the whole of the paid up share capital, the losses/excess shall be borne/distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iv) **Details of shares held by the holding company**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Number of shares	Number of shares
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees) .....	50,000	50,000

(v) **Details of shares held by each shareholder holding more than 5% shares**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees) .....	50,000	100%	50,000	100%

**Note 4 Reserves and Surplus**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rupees	Rupees
(Deficit) in Statement of Profit and Loss		
Opening balance.....	(23,604,444)	(21,004,953)
Add: Profit/(Loss) for the year .....	4,250,374	(2,599,491)
Closing balance .....	(19,354,070)	(23,604,444)

**Note 5 Long-term borrowings**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rupees	Rupees
(i) 0.25% Optionally Convertible Unsecured Debentures of Rs. 1,000 each [Refer Note (i)] .....	91,000,000	107,500,000
(ii) Unsecured Inter Corporate Deposits [Refer Note (ii)] .....	-	1,025,000
	<u>91,000,000</u>	<u>108,525,000</u>

**Note:**

- (i) The Company has issued 107,500 non transferable 0.25% Optionally Convertible Unsecured Debentures of Rs. 1,000 each to its Holding Company, Mahindra Intertrade Limited. During the year the issuer has exercised call option to redeem 16,500 debentures and for balance debentures the issuer/holder has agreed not to redeem the debentures at any time before 31 March, 2017 at face value plus interest for the completed year or convert debentures in full or part thereof into equity shares of the face value of Rs. 10 each issued at par equivalent to the face value of debentures plus interest for the completed year. However, no interest is payable for the fractional period if debentures are redeemed or converted before the completion of a year.
- (ii) During the year 2014-15 the Company had borrowed unsecured intercorporate deposits of Rs. 1,025,000 carrying interest @ 8.50% from its Holding Company, Mahindra Intertrade Limited, The same has been repaid during current year.

**Note 6 Short-term borrowings**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rupees	Rupees
<b>Unsecured :</b>		
Loan repayable on demand		
From bank (Refer Note i)	1,500,000	-
Inter Corporate Deposits .....	-	700,000
	<u>1,500,000</u>	<u>700,000</u>

Note i: Rate of interest for unsecured borrowing is 10.50% p.a.

**Note 7 Trade payables**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rupees	Rupees
<b>Trade payables:</b>		
(a) Trade payables		
- total outstanding dues of micro enterprises and small enterprises; and	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises.....	206,305	130,266
	<u>206,305</u>	<u>130,266</u>

**Note 8 Other Current Liabilities**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rupees	Rupees
<b>(a) Other payables:</b>		
(i) Interest accrued but not due...	164,204	181,571
(ii) Statutory remittances (Withholding Taxes) .....	20,430	16,188
(iii) Advance received for sale of leasehold land-Naini (Refer Note 20).....	-	2,969,032
	<u>184,634</u>	<u>3,166,791</u>



**Note 9 Fixed Assets**

Tangible assets	Gross Block				Amortization				Net Block
	Balance as at 1 April, 2015	Addition	Disposal/ adjustments	Balance as at 31 March, 2016	Balance as at 1 April, 2015	For the year	Disposal/ adjustments	Balance as at 31 March, 2016	Balance as at 31 March, 2016
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land - Leasehold-Naini	–	–	–	–	–	–	–	–	–
(Refer Note 20)	(13,426,016)	(–)	(13,426,016)	(–)	(773,750)	(217,815)	(991,565)	(–)	(–)
Land - Leasehold-Dahej	76,624,494	–	–	76,624,494	2,538,750	775,612	–	3,314,362	73,310,132
	(76,624,494)	(–)	(–)	(76,624,494)	(1,765,258)	(773,492)	(–)	(2,538,750)	(74,085,744)
Total	76,624,494	–	–	76,624,494	2,538,750	775,612	–	3,314,362	73,310,132
Previous year	(90,050,510)	(–)	(13,426,016)	(76,624,494)	(2,539,008)	(991,307)	(991,565)	(2,538,750)	(74,085,744)

Note: figures in brackets are in respect of the previous year.

**Note 10 Long term loans & advances**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
Advance income tax (net of provision) .....	16,000	–
	16,000	–

**Note 11 Cash and cash equivalents**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
Balances with banks:		
In current accounts.....	710,737	2,897,418
	710,737	2,897,418

**Note 12 Other current assets**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
Leasehold Land held for sale (Refer Note 20) .....	–	12,434,451
	–	12,434,451

**Note 13 Other income**

Particulars	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
	Rupees	Rupees
(a) Liabilities no longer required written back .....	–	66,764
(b) Profit on transfer of leasehold rights-Naini (Refer Note 20).....	7,481,599	–
	7,481,599	66,764

**Note 14 Finance costs**

Particulars	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
	Rupees	Rupees
(a) Interest on borrowings .....	14,195	–
(b) Interest on Inter Corporate Deposits	14,130	78,811
(c) Interest on Debentures .....	197,158	268,748
(d) Interest on income tax .....	9,429	–
	234,912	347,559

**Note 15 Other expenses**

Particulars	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
	Rupees	Rupees
(a) Lease rent.....	–	8,129
(b) Rates and taxes.....	906,493	1,009,702
(c) Travelling expenses.....	7,869	54,443
(d) Legal and professional .....	113,166	12,360
(e) Payment to auditors (Refer Note below) .....	125,950	112,922
(f) Security .....	12,097	129,300
(g) Bank charges .....	935	533
	1,166,510	1,327,389

Note:

Particulars	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
	Rupees	Rupees
<u>Payment to auditors:</u>		
To statutory auditors		
(i) For audit (including service tax) .....	125,950	112,360
(ii) Reimbursement of expenses .....	–	562

**Note 16 Micro, small and medium enterprises**

The identification of vendors as a "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006 has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

**Note 17 Related Party Disclosures**

Related party disclosures as required by AS-18 "Related Party Disclosures" are given below.

**(A) List of Related Parties:**

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Intertrade Limited

**(B) (a) Disclosure of transactions between the Company and related parties during the year ended 31 March, 2016:**

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rupees	Rupees
<b>(i) Ultimate Holding Company</b>		
Professional fees.....	85,853	–

	For the year ended 31 March, 2016 Rupees	For the year ended 31 March, 2015 Rupees
<b>(ii) Holding Company</b>		
Inter Corporate Deposits received .....	-	1,225,000
Inter Corporate Deposits repaid .....	1,725,000	-
Redemption of debentures.....	16,500,000	-
Interest on Inter Corporate Deposits .....	14,130	78,811
Interest on Debentures.....	197,158	268,748
Reimbursement of expenses.....	-	48,455

**(b) Outstanding payable:**

	As at 31 March, 2016 Rupees	As at 31 March, 2015 Rupees
Ultimate Holding Company .....	78,355	-
Holding Company.....	91,150,827	109,406,571

During the year, there is no amount written off or written back in respect of such parties.

**Note 18 Earnings per share**

Particulars	As at 31 March, 2016	As at 31 March, 2015
Profit/(Loss) after tax (Rs.) (A) .....	4,250,374	(2,599,491)
Weighted average number of shares (B)	50,000	50,000
Earnings per share [Basic/Diluted] (Rs.) (A/B) .....	85.01	(51.99)
Nominal value of equity share (Rs.) .....	10.00	10.00

**Note 19**

As at March 31, 2016 the accumulated losses aggregating Rs. 19,354,070 has wiped out the net worth of the Company. Leasehold land has been taken by the Company at Dahej (Gujarat). The Company is currently evaluating options for its project. In view of the foregoing and on account of the continuing support from the holding company, the financial statements have been prepared on a going concern basis.

**Note 20 Leasehold land held for sale**

The Company had entered into a Memorandum of Agreement dated 11 March, 2015, with a third party for surrendering its leasehold rights in the plot of land at Naini in favour of the said party, subject to U.P. State Industrial Development Corporation Limited (UPSIDC) granting the required permission. Accordingly the book value of land of Rs. 12,434,451 was shown as "Leasehold land held for sale" and the amount of Rs. 2,969,032 received was shown as "Advance received for sale of leasehold land-Naini" as at 31 March, 2015. During the year approval from UPSIDC has been received and accordingly leasehold rights were transferred to the said party and profit on transfer of leasehold rights of Rs. 7,481,599 has been recognised in the statement of profit and loss.

**Note 21 Previous year's figures**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Sumit Issar  
Rajeev Dubey

Place : Mumbai  
Date : 26 April, 2016

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors present their Twenty Third Report, together with the audited financial statements of your Company, for the year ended March 31, 2016.

(Rs. in lakhs)

### FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	Year ended March 31	
	2016	2015
Income	<b>19,493.06</b>	15,106.43
Profit before depreciation, interest and taxation	<b>2,078.33</b>	2,670.98
Less: Depreciation	<b>972.73</b>	972.72
Profit before interest and taxation	<b>1,105.60</b>	1,698.26
Less: Interest	<b>293.25</b>	348.05
Profit before tax	<b>812.35</b>	1,350.21
Less: Provision for taxation:		
- Current tax	<b>327.00</b>	453.00
- Deferred tax	<b>(63.65)</b>	143.45
Profit for the year after tax	<b>549.00</b>	753.76
Add: Balance of profit of earlier years	<b>3,483.75</b>	2,957.76
Profit available for appropriation	<b>4,032.75</b>	3,711.52
Depreciation on transition to Schedule II of the Companies Act, 2013	-	28.70
Less: Transfer to General Reserve	-	-
Proposed dividend	<b>115.78</b>	165.40
Income-tax on proposed dividend	<b>23.57</b>	33.67
Balance carried forward	<b>3,893.40</b>	3,483.75
Net Worth	<b>9,722.97</b>	9,313.32

Your Company's income for the year was Rs. 19,493.06 lakhs against Rs. 15,106.43 lakhs in the previous year. Profit after tax for the year was lower at Rs. 549.00 lakhs against Rs 753.76 lakhs in the previous year, primarily due to lower Industrial Investment Promotion Assistance accounted during the year compared to last year (Rs. 343.47 lakhs) and also due to the slowdown in automotive industry.

No material changes and commitments have occurred after the close of the year till the date of this Report which affect the financial position of your Company.

#### OPERATIONS

Demand from domestic auto industry was muted during the year resulting in subdued demand for processed steel from the Company's auto vertical.

Demand from the transformer industry remained strong during the year resulting in better capacity utilization and margins for the Company's power vertical.

The home appliance segment showed some improvement due to addition of new customers.

#### DIVIDEND

Your directors recommend a dividend of Re 0.70 per equity share on 1,65,39,759 equity shares of Rs. 10 each for the year ended March 31, 2016 payable to those shareholders whose names appear on the Register of Members of the Company as on 24<sup>th</sup> June, 2016, being the record date fixed for the purpose. The dividend, including tax thereon, will absorb a sum of Rs. 139.35 lakhs as against Rs. 199.07 lakhs for the previous year.

#### CURRENT YEAR

During the current year, your Company expects an improved demand in the auto and home appliance verticals, while sustaining performance in the electrical vertical.

#### HUMAN RESOURCES

*Happy and enthused employees* is one of the strategic goals of your Company as reflected in its employee engagement interventions. Your Company's MCARES and Employee as Promoter Score (EPS) – metrics used by the Mahindra group to assess employee engagement – were a robust 4.57/5.00 and 73%, respectively, in the top league in the group.

As part of the Talent Development process, your Company continues to invest in premium learning opportunities to groom its next generation of leaders.

#### RISK MANAGEMENT POLICY

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach which covers the full range of risks across verticals.

Your Company has formulated a risk management policy which addresses risks which, in the opinion of the Board, may threaten the existence of the Company.

#### INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to financial statements commensurate with the size, scale and complexity of its operations. During the year under review, such controls were tested and no

reportable material weaknesses in the design or operation were observed.

#### CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of the Companies Act, 2013. The same may be accessed on the Company's website: <http://www.mahindraintertrade.com>.

An Annual Report on Corporate Social Responsibility activities is attached as Annexure I and forms part of this Report.

#### POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year under review, no complaints were received by the said Committee.

#### POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of the Nomination and Remuneration Committee, approved policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and policy for remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure II and form part of this Report.

#### SHARE CAPITAL

As at March 31, 2016, the authorized equity share capital of your Company was Rs. 17,00,00,000 divided into 1,70,00,000 equity shares of Rs. 10 each and the paid up equity share capital was Rs. 16,53,97,590, divided into 1,65,39,759 equity shares of Rs. 10 each, fully paid up. There was no change in the share capital of your Company during the year.

#### CORPORATE GOVERNANCE

##### *Constitution of the Board*

The Board of your Company presently has seven directors. One of the directors, Mr. Yuta Furuhashi has his alternate director to represent him on the Board. The directors have wide experience in business related to steel, finance and general corporate management.

##### *Board Meetings*

Four Board meetings were held during the year, i.e., on April 24, 2015, July 30, 2015, November 10, 2015 and February 2, 2016 for reviewing the operations and financial results of the Company. Senior executives of your Company attended Board meetings as invitees.

The details of attendance of the Directors at the Board meetings of the Company are as under.

Sr. No.	Name of the Director	Number of meetings attended
1.	Mr. Rajeev Dubey	3
2.	Mr. Harsh Kumar (up to September 30, 2015)	2
3.	Mr. Sumit Issar	4

Sr. No.	Name of the Director	Number of meetings attended
4.	Mr. Daisuke Kadono (up to July 30, 2015)	0
5.	Mr. Yuta Furuhashi	1
6.	Mr. Nobuaki Takashi – Alternate Director to Mr. Daisuke Kadono (up to July 30, 2015)	1
7.	Mr. Toyokazu Makino – Alternate Director to Mr. Yuta Furuhashi (Up to November 10, 2015)	2
8.	Mr. P. R. Barpande	4
9.	Mr. Ajay Mehta	4
10.	Mr. Yoshihisa Fujiwara (w.e.f. July 30, 2015)	1
11.	Mr. Toyokazu Makino – Alternate Director to Mr. Yoshihisa Fujiwara (w.e.f. November 10, 2015)	2
12.	Mr. Vijay Arora (w.e.f. December 16, 2015)	1
13.	Mr. Hajime Kimura – Alternate Director to Mr. Yuta Furuhashi (w.e.f. February 2, 2016)	1

The 22<sup>nd</sup> Annual General Meeting of the Company was held on July 30, 2015 and an Extraordinary General Meeting was held on July 30, 2015.

##### *Shareholding*

Mahindra Intertrade Limited (MIL), a subsidiary of Mahindra Vehicle Manufacturers Limited (MVML), holds 61% of the paid up equity share capital of your Company. The balance 39% is held by Metal One Corporation, Japan.

MVML is a wholly owned subsidiary of Mahindra & Mahindra Limited (M&M). Therefore, your Company is a direct subsidiary of MIL and an indirect subsidiary of MVML and M&M.

#### DIRECTORS

Mr. Daisuke Kadono (DIN: 06861397) resigned as director with effect from July 30, 2015 and consequently Mr. Nobuaki Takashi (DIN: 06625157) ceased to be his alternate director with effect from the said date.

Mr. Yoshihisa Fujiwara (DIN: 07181962) and Mr. Vijay Arora (DIN: 07347126) were appointed as additional directors with effect from July 30, 2015 and December 16, 2015, respectively. They hold office as directors up to the date of the forthcoming Annual General Meeting. Your Company has received notices from Mahindra Intertrade Limited, a member of the Company, signifying their intention to propose the candidatures of Mr. Fujiwara and Mr. Arora for appointment as directors at the forthcoming Annual General Meeting.

Mr. Harsh Kumar (DIN: 00082621) ceased to be the Managing Director and Director of the Company with effect from October 1, 2015.

Your Board thanks Mr. Kumar for his immense contribution to the growth of the Company and places on record its sincere appreciation of the services rendered by him during his tenure as Managing Director of the Company.

Mr. Sumit Issar (DIN: 06951249) was appointed as the Managing Director of the Company with effect from October 1, 2015.

Mr. Toyokazu Makino (DIN: 06626817) resigned as alternate director to Mr. Yuta Furuhashi with effect from November 10, 2015. He was appointed as alternate director to Mr. Yoshihisa Fujiwara with effect from November 10, 2015 and ceased with effect from 25<sup>th</sup> April, 2016.

Mr. Hajime Kimura (DIN: 07233525) was appointed as alternate director to Mr. Yuta Furuhashi with effect from February 2, 2016.

Mr. Yuta Furuhashi will retire by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

Your Board places on record its appreciation of the services rendered by Mr. Daisuke Kadono during his tenure as director of your Company.

**MEETINGS OF INDEPENDENT DIRECTORS**

The Independent Directors of the Company met on November 10, 2015 and February 2, 2016 without the presence of the Chairman, Managing Director and other Non-Executive Directors, Chief Financial Officer, Company Secretary and any other management personnel. The meetings were conducted in an informal and flexible manner to enable the Independent Directors to discuss the matters pertaining to, inter alia, review of performance of Non-Independent Directors and assess the quality, quantity and timeliness of flow of information between the company management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

**EVALUATION OF PERFORMANCE OF DIRECTORS**

The Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors and the Board evaluated the performance of Independent Directors through a structured questionnaire process covering various aspects such as performance, attendance, et al.

The evaluation of the performance of the Non-independent Directors and of the Board as a whole was carried out by the Independent Directors. The evaluation of the performance of the Chairman of the Company was also carried out by the Independent Directors after taking into account the views of the Managing Director and other Non-executive Directors.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your directors, based on a representation received from operating management, and after due enquiry, confirm that:

- (a) In the preparation of annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed and there were no material departures in following these standards;
- (b) 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 March 31, 2016 and of the profit of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care 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) they have prepared annual accounts on a going concern basis; and,

- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.

**CODES OF CONDUCT**

Your Company has adopted Codes of Conduct for Corporate Governance ('the Codes') for its directors, and senior management and employees of your Company. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has, for the year under review, received declarations from its Board members, and from senior management and employees, affirming their compliance with the respective Codes.

**COMMITTEES OF THE BOARD**

**Audit Committee**

The Audit Committee of the Board comprises of the following directors as its members.

- Mr. Rajeev Dubey – Chairman,
- Mr. P. R. Barpande, and,
- Mr. Ajay Mehta.

Four meetings of the Committee were held during the year, i.e., on April 24, 2015, July 30, 2015, November 10, 2015 and February 2, 2016.

The details of attendance of the members at the Audit Committee meetings of the Company are as under.

Sr. No.	Name of the Member	Number of meetings attended
1.	Mr. Rajeev Dubey	3
2.	Mr. P. R. Barpande	4
3.	Mr. Ajay Mehta	4

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Board comprises of the following directors as its members.

- Mr. P. R. Barpande, – Chairman,
- Mr. Rajeev Dubey,
- Mr. Ajay Mehta, and,
- Mr. Yoshihisa Fujiwara.

Four meetings of the Committee were held during the year, i.e., on April 24, 2015, July 30, 2015, November 10, 2015 and February 2, 2016.

The details of attendance of the members at the Nomination and Remuneration Committee meetings of the Company are as under.

Sr. No.	Name of the Member	Number of meetings attended
1.	Mr. P. R. Barpande	4
2.	Mr. Rajeev Dubey	3
3.	Mr. Ajay Mehta	4
4.	Mr. Yoshihisa Fujiwara (w.e.f. July 30, 2015)	-
5.	Mr. Toyokazu Makino – Alternate member to Mr. Yoshihisa Fujiwara (w.e.f. November 10, 2015)	1

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board comprises of the following directors as its members.

Mr. Rajeev Dubey – Chairman,  
 Mr. P. R. Barpande,  
 Mr. Sumit Issar, and,  
 Mr. Yoshihisa Fujiwara.

Two meetings of the Committee were held during the year i.e. on April 24, 2015 and February 2, 2016.

The details of attendance of the members at the Corporate Social Responsibility Committee meetings of the Company are as under.

Sr. No.	Name of the Member	Number of meetings attended
1.	Mr. Rajeev Dubey	1
2.	Mr. P. R. Barpande	2
3.	Mr. Harsh Kumar (up to September 30, 2015)	1
4.	Mr. Yoshihisa Fujiwara (w.e.f. July 30, 2015)	–
5.	Mr. Sumit Issar (w.e.f. November 10, 2015)	1
6.	Mr. Toyokazu Makino – Alternate Director to Mr. Yoshihisa Fujiwara (w.e.f. November 10, 2015)	1

### KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014, the following are the Key Managerial Personnel of the Company.

- (1) Mr. Harsh Kumar, Managing Director (up to September 30, 2015).
- (2) Mr. Sumit Issar, Managing Director (w.e.f. October 1, 2015).
- (3) Mr. Bakul Sheth, Company Secretary.
- (4) Mr. Jitendra Rahate, Chief Financial Officer.

### DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from the Independent Directors of the Company confirming that they fulfill the criteria of Independence as prescribed under Sub-Section 6 of Section 149 of the Companies Act, 2013.

### STATUTORY AUDITORS

Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Registration No. 117365W), will retire as statutory auditors of the Company at the conclusion of the forthcoming Annual General Meeting and have given their consent for re-appointment.

Members of the Company will be required to re-appoint statutory auditors to hold office from the conclusion of the forthcoming Annual General Meeting until the conclusion of the Annual General Meeting thereafter, and to fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013, the Company has obtained a written certificate from the statutory auditors to the effect that their re-appointment, if made, would be in conformity with the limits specified in Section 139 and that they satisfy the criteria mentioned in Section 141 of the Companies Act, 2013.

The Auditors' Report for the year ended March 31, 2016 does not contain any qualification, reservation or adverse remark.

### COST AUDITORS

Messrs. Shilpa & Co., Cost Accountants, Nashik (Firm Registration No. 100558), were appointed as Cost Auditors on April 24, 2015 to conduct the audit of cost accounts of the Company for the financial year ending March 31, 2016. Their appointment was intimated to the Central Government vide Form CRA-2 which was filed on May 13, 2015. Remuneration of Cost Auditors was ratified by the shareholders at their Twenty Second Annual General Meeting held on July 30, 2015. The due date for filing the report of the Cost Auditors for the year ended March 31, 2016 is September 27, 2016.

For the year ended March 31, 2015, the due date for filing the report of the Cost Auditors was September, 27, 2015 which was extended up to 30th September, 2015. The same was filed on September 29, 2015.

The Board has, on recommendation of the Audit Committee, re-appointed on April 25, 2016, M/s. Shilpa & Co. as Cost Auditors, at a remuneration of Rs. 1,15,500/- (excluding service tax, other levies and out of pocket expenses), to conduct the audit of cost accounts of the Company for the financial year ending March 31, 2017. The shareholders of the Company are required to ratify the said remuneration payable to the Cost Auditors.

As required under the provisions of Sections 139, 141 and 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company has obtained written confirmations from M/s. Shilpa & Co. to the effect that they are eligible for appointment as Cost Auditors and that they are an independent firm of Cost Accountants and have an arm's length relationship with your Company.

### STOCK APPRECIATION RIGHTS (SARs)

Your Company has formulated a Stock Appreciation Rights Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. Accordingly, 6,555 SARs were granted during the year to eligible employees by the Nomination and Remuneration Committee at its meeting held on February 2, 2016.

### PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted deposits from the public or its employees during the year under review.

Particulars of loans given, investments made, and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given under the notes to the financial statements and the same form part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the ultimate parent company Mahindra & Mahindra Limited.

**PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES**

All transactions entered into by your Company with related parties during the year under review were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form No. AOC-2 as Annexure III and forms part of this Report.

**EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2016 is attached as Annexure IV and forms part of this Report.

**SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

Your Company subscribes to guidelines on safety, health and environment, and encourages involvement of all its employees in activities related to safety standards. Employees across facilities were trained in behavioural safety at work. Statutory requirements relating to environmental legislations, and environment protection, have been duly complied with by your Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company believes in sustaining a green planet, and strives towards energy conservation.

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as

required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as Annexure V to this Report.

**GENERAL DISCLOSURE**

Your directors state that no disclosure or reporting is required in respect of the following items during the year:

- (a) Details relating to deposits covered under Chapter V of the Companies Act, 2013.
- (b) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- (c) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- (d) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

**For and on behalf of the Board of Directors of  
Mahindra Steel Service Centre Limited**

**Rajeev Dubey**  
Chairman

Mumbai: April 25, 2016.

## ANNEXURE I TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

### ANNUAL REPORT ON CSR ACTIVITIES

- (1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

Web-link: <http://www.mahindraintertrade.com>

The objective of the Company's CSR policy is to–

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives, and causes to work for, thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits earned during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and

maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

- (v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;
- (viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) Rural development projects;
- (xi) Slum area development.

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

- (2) The Composition of the CSR Committee is: Mr. Rajeev Dubey – Chairman, Mr. Sumit Issar, Mr. P. R. Barpande and Mr. Yoshihisa Fujiwara.
- (3) Average net profit of the Company for last three financial years is Rs 762.15 lakhs.
- (4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is Rs 15.24 lakhs.
- (5) Details of CSR spent during the financial year:
  - (a) Total amount to be spent for the financial year: Rs 15.24 lakhs.
  - (b) Amount unspent, if any: Nil.



(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Particulars	(1)	(2)	(3)	(4)	(5)	Total
(1)	CSR project or activity identified	Tree plantation at Kanhe	K-Yan education program at Kanhe School	Tree plantation at Bhopal	Pond area beautification, Kanhe	Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	
(2)	Sector in which the project is covered	Environment	Education	Environment	Environment	Education	
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Raisen district, Bhopal	(1) Local (2) Pune district, Maharashtra	(1) Others (2) Maharashtra and contiguous states	
(4)	Amount outlay (budget project or programme wise) (Rs)	50,000	1,50,000	50,000	–	7,59,600	10,09,600
(5)	Amount spent on the project or programme Sub Heads : (Rs) (1) Direct expenditure on projects or programmes (2) Overheads	(1) 48,647 (2) 0	(1) 1,41,905 (2) 0	(1) 50,400 (2) 0	(1) 5,52,015 (2) 0	(1) 7,59,600 (2) 0	(1) 15,52,567 (2) 0
(6)	Cumulative expenditure up to the reporting period (Rs)	Same as above	Same as above	Same as above	Same as above	Same as above	
(7)	Amount spent direct or through implementing agency	Direct	Direct	Direct	Direct	Implementing agency – KCMET*	

\* Details of implementing agency: KCMET - The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the Trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a Public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400 001.

(6) The Company has duly spent two per cent of the average net profit of the last three financial years or any part thereof.

(7) Members of the CSR Committee confirm that the implementation and monitoring of CSR Policy of the Company is in compliance with the relevant provisions of the Companies Act, 2013.

**For and on behalf of the Board of Directors of  
Mahindra Steel Service Centre Limited**

**Sumit Issar**  
Managing Director

**Rajeev Dubey**  
Chairman of CSR Committee

Mumbai: April 25, 2016.

## ANNEXURE II TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Steel Service Centre Limited (MSSCL).

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (**KMP**) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD),
- (ii) Chief Financial Officer (CFO), and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (**NRC**) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

#### I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:
  1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
  2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
  3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors.
- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the

selection of the appropriate member. The Board, through the Managing Director, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the Company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

#### II. SUCCESSION PLANNING:

##### Purpose:

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

##### Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

##### Senior Management Personnel:

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having ability to hold critical positions.

Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

## **POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

### **Purpose**

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Steel Service Centre Limited (MSSCL).

### **Policy Statement**

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

### **NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

### **Executive Directors**

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

### **Key Managerial Personnel (KMPs)**

The terms of remuneration of the Chief Financial Officer (CFO) shall be determined by the Audit Committee.

The terms of remuneration of the Company Secretary shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

### **Employees**

We follow a position and level based approach for compensation benchmarking with companies in the steel/steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the Company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

**For and on behalf of the Board of Directors of  
Mahindra Steel Service Centre Limited**

**Rajeev Dubey**  
Chairman

Mumbai: April 25, 2016.

**ANNEXURE III TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No.	Name(s) of the related parties and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Mahindra Intertrade Limited (MIL) (Holding Company)	Availing or rendering any services	Annual/Recurring	1) Processing of CR/HR/CRGO steel on job work basis and material handling 2) Payment term: 25 days 3) Total value of transaction Rs 1,337.71 lakhs	Not applicable (Refer Note)	Nil
2.	Mahindra Intertrade Limited (MIL) (Holding Company)	Purchase of goods or materials	Recurring	1) Purchase of CRNO/CRGO steel at cost plus margin 2) Payment term: (i) CRGO: 120 days (ii) CRNO: 90 days 3) Total value of transaction Rs 2,665.77 lakhs	Not applicable (Refer Note)	Nil
3.	Metal One Corporation (Shareholder having 39% shareholding)	Purchase of goods or materials	Recurring	1) Purchase of CRGO at market price 2) Payment term: 180 days Letter of Credit 3) Total value of transaction Rs 7,078.34 lakhs	Not applicable (Refer Note)	Nil

\* Note: All these transactions are at arm's length and are in the ordinary course of business. Accordingly, Board approval is not required as per proviso to sub-Section (1) of Section 188 of the Companies Act, 2013. Approval of Audit Committee is taken in the meetings held on April 24, 2015, July 30, 2015, November 10, 2015 and February 2, 2016.

**For and on behalf of the Board of Directors of  
Mahindra Steel Service Centre Limited**

**Rajeev Dubey**  
Chairman

Mumbai: April 25, 2016.

**ANNEXURE IV TO THE DIRECTORS' REPORT****Form No. MGT-9****Extract of Annual Return as on the financial year ended on March 31, 2016**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i	<b>CIN</b>	U27100MH1993PLC070416
ii	<b>Registration Date</b>	15 <sup>th</sup> January, 1993
iii	<b>Name of the Company</b>	MAHINDRA STEEL SERVICE CENTRE LIMITED
iv	<b>Category/Sub-Category of the Company</b>	Indian Non-Government Company Limited by shares
v	<b>Address of the Registered office and contact details:</b>	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018. Tel. No.: +91-22-24935185/86 Fax: +91-22-24951236 Email: sheth.bakul@mahindra.com
vi	<b>Whether listed Company (Yes/No)</b>	No
vii	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai – 400072. Tel. No.: 91-22-67920300 Email: sharepro@shareproservices.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1.	Processing of hot-rolled and cold-rolled products of steel	24105	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Mahindra Intertrade Limited, Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018.	U51900MH1978PLC020222	Holding Company	61	2(87)(ii)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	1,00,89,250	7	1,00,89,257	61	1,00,89,250	7	1,00,89,257	61	Nil
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
<b>Sub-total (A)(1):</b>	<b>1,00,89,250</b>	<b>7</b>	<b>1,00,89,257</b>	<b>61</b>	<b>1,00,89,250</b>	<b>7</b>	<b>1,00,89,257</b>	<b>61</b>	<b>Nil</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Foreign</b>									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other-Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Banks/FI	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>1,00,89,250</b>	<b>7</b>	<b>1,00,89,257</b>	<b>61</b>	<b>1,00,89,250</b>	<b>7</b>	<b>1,00,89,257</b>	<b>61</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Banks/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a. Bodies Corp.	-	-	-	-	-	-	-	-	-
i. Indian	-	-	-	-	-	-	-	-	-
ii. Overseas	0	64,50,502	64,50,502	39	0	64,50,502	64,50,502	39	Nil
b. Individuals	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto Rs 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):</b>	0	64,50,502	64,50,502	39	0	64,50,502	64,50,502	39	Nil
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>0</b>	<b>64,50,502</b>	<b>64,50,502</b>	<b>39</b>	<b>0</b>	<b>64,50,502</b>	<b>64,50,502</b>	<b>39</b>	<b>Nil</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1,00,89,250</b>	<b>64,50,509</b>	<b>1,65,39,759</b>	<b>100</b>	<b>1,00,89,250</b>	<b>64,50,509</b>	<b>1,65,39,759</b>	<b>100</b>	<b>Nil</b>

**ii. Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total Shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total Shares	
1.	Mahindra Intertrade Limited	1,00,89,257	61	0	1,00,89,257	61	0	0
	<b>Total</b>	<b>1,00,89,257</b>	<b>61</b>	<b>0</b>	<b>1,00,89,257</b>	<b>61</b>	<b>0</b>	<b>0</b>

iii. **Change in Promoters' Shareholding:** There is no change in the shareholding of the Promoter.

iv. **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	64,50,502	39	64,50,502	39
1.	Metal One Corporation	64,50,502	39	64,50,502	39
	At the end of the year	64,50,502	39	64,50,502	39

v. **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	3	0.00	3	0.00
1.	Mr. Rajeev Dubey (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
2.	Mr. Harsh Kumar (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
3.	Mr. Bakul Sheth (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
	At the end of the year	4	0.00	4	0.00
1.	Mr. Rajeev Dubey (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
2.	Mr. Sumit Issar (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
3.	Mr. Vijay Arora (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
4.	Mr. Bakul Sheth (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs in lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
<b>Indebtedness at the beginning of the financial year on 1<sup>st</sup> April, 2015</b>				
i. Principal Amount	2,259.07	510.51	–	2,769.58
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	32.36	–	–	32.36
<b>Total of (i+ii+iii)</b>	<b>2,291.43</b>	<b>510.51</b>	<b>–</b>	<b>2,801.94</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	13.40	6,000.00	–	6,013.40
– Reduction	(1,074.30)	(4,049.10)	–	(5,123.40)
<b>Net change</b>	<b>(1,060.90)</b>	<b>1,950.90</b>	<b>–</b>	<b>890.00</b>
<b>Indebtedness at the end of the financial year on 31<sup>st</sup> March, 2016</b>				
i. Principal Amount	1,199.47	2,461.41	–	3,660.88
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	31.06	–	–	31.06
<b>Total of (i+ii+iii)</b>	<b>1,230.53</b>	<b>2,461.41</b>	<b>–</b>	<b>3,691.94</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

(Rs in lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Harsh Kumar Managing Director (1 <sup>st</sup> April, 2015 to 30 <sup>th</sup> September, 2015)	Mr. Sumit Issar Managing Director (1 <sup>st</sup> October, 2015 to 31 <sup>st</sup> March, 2016)	
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others	-	-	-
5.	Others	-	-	-
	<b>Total (A)</b>	-	-	-
	Ceiling as per the Act	5% of the net profit of the Company		

**B. Remuneration of other directors:**

**I. Independent Directors:**

(Rs in Lakhs)

Particulars of Remuneration	Names of Directors		Total Amount
	Mr. P. R. Barpande	Mr. Ajay Mehta	
Fee for attending board/committee meetings	1.80	1.60	3.40
Commission	3.00	3.00	6.00
Others	-	-	-
<b>Total (1)</b>	4.80	4.60	9.40

**II. Other Non-Executive Directors:**

(Rs in Lakhs)

Particulars of Remuneration	Names of Directors								Total Amount
	Rajeev Dubey Chairman	Daisuke Kadono Director (up to 30 <sup>th</sup> July, 2015)	Nobuaki Takashi Alternate Director (up to 30 <sup>th</sup> July, 2015)	Vijay Arora Director	Yuta Furuhashi Director	Yoshihisa Fujiwara Director	Hajime Kimura Alternate Director	Toyokazu Makino Alternate Director	
Fee for attending Board/committee meetings	-	-	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Total (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total B = (1+2)</b>	-	-	-	-	-	-	-	-	9.40
Total Managerial Remuneration	-	-	-	-	-	-	-	-	9.40
Ceiling as per the Act	1% of the Net profits of the Company								



**C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole-time Director:**

(Rs in Lakhs)

Sr. No.	Particulars of Remuneration	Names of the KMP		Total Amount
		Mr. Jitendra Rahate CFO	Mr. Bakul Sheth Company Secretary	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	28.30	–	28.30
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission - as % of profit - others	–	–	–
5.44	Others – allocation of expenses by Mahindra & Mahindra Limited excluding service tax	–	2.50	2.50
	<b>Total (C)</b>	28.30	2.50	30.80

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act):**

Type	Section of the Companies Act	Brief description	Details of penalty/punishment/compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any
<b>A. COMPANY</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>B. DIRECTORS</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

**For and on behalf of the Board of Directors of  
Mahindra Steel Service Centre Limited**

**Rajeev Dubey**  
Chairman

Mumbai: April 25, 2016.

**ANNEXURE V TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

**PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014**

**(A) CONSERVATION OF ENERGY**

- (i) the steps taken or impact on conservation of energy: Nil.
- (ii) the steps taken by the company for utilising alternate sources of energy: Nil.
- (iii) the capital investment on energy conservation equipments: Nil.

**(B) TECHNOLOGY ABSORPTION**

- (i) the efforts made towards technology absorption: Nil.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
  - (a) the details of technology imported: Nil.
  - (b) the year of import: Nil.
  - (c) whether the technology has been fully absorbed: Not applicable.
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable.
- (iv) the expenditure incurred on Research and Development: Nil.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information on foreign exchange earnings and outgo is furnished below:

Rs in lakhs

Particulars	Year ended March 31,	
	2016	2015
Foreign exchange earned	25.50	2.58
Foreign exchange outgo	10,594.25	7,528.37

**For and on behalf of the Board of Directors of  
Mahindra Steel Service Centre Limited**

**Rajeev Dubey**  
Chairman

Mumbai: April 25, 2016.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MAHINDRA STEEL SERVICE CENTRE LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA STEEL SERVICE CENTRE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements

give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. – Refer Note 23 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm's Registration No. 117365W)

**Uday M. Neogi**

(Partner)

(Membership No. 30235)

Place: Mumbai

Date: 25<sup>th</sup> April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Mahindra Steel Service Centre Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Mahindra Steel Service Centre Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm’s Registration No. 117365W)

**Uday M. Neogi**  
(Partner)  
(Membership No. 30235)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date to the members of Mahindra Steel Service Centre Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on physical verification.
- (c) According to the information and explanations given to us and the records examined by us in respect of immovable property of land that has been taken on lease and buildings constructed thereon by the Company, disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under sub-Section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) No undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues were in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company is not required to pay any managerial remuneration in respect of the "Managing Director" appointed under Section 197 and other applicable provisions of the Companies Act, 2013, from time to time, as per the terms approved.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117365W)

**Uday M. Neogi**  
(Partner)  
(Membership No. 30235)

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

**BALANCE SHEET AS AT 31 MARCH, 2016**

Particulars	Notes	As at 31 March, 2016 Rs. in Lakhs	As at 31 March, 2015 Rs. in Lakhs
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital .....	3	1,653.98	1,653.98
(b) Reserves and surplus .....	4	8,088.99	7,679.34
		<u>9,742.97</u>	<u>9,333.32</u>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings.....	5	701.15	1,291.17
(b) Deferred tax liabilities (Net) .....	34	998.52	1,062.17
(c) Long-term provisions .....	6	103.94	72.36
		<u>1,803.61</u>	<u>2,425.70</u>
<b>3. Current liabilities</b>			
(a) Short-term borrowings .....	7	2,369.72	356.32
(b) Trade payables	8		
A) total outstanding dues of micro enterprises and small enterprises.....		-	-
B) total outstanding dues of creditors other than micro enterprises and small enterprises .....		6,580.03	7,263.28
(c) Other current liabilities.....	9	894.04	1,369.61
(d) Short-term provisions.....	10	180.42	219.74
		<u>10,024.21</u>	<u>9,208.95</u>
		<u>21,570.79</u>	<u>20,967.97</u>
<b>B. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets.....	11	8,476.44	9,335.37
(b) Long-term loans and advances.....	12A	287.14	156.85
(c) Other non-current assets .....	12B	646.53	601.73
		<u>9,410.11</u>	<u>10,093.95</u>
<b>2. Current assets</b>			
(a) Inventories .....	13	6,615.43	4,991.01
(b) Trade receivables .....	14	3,498.88	3,520.46
(c) Cash and cash equivalents .....	15	446.14	71.81
(d) Short-term loans and advances .....	16A	1,376.99	2,170.83
(e) Other Current Assets .....	16B	223.24	119.91
		<u>12,160.68</u>	<u>10,874.02</u>
		<u>21,570.79</u>	<u>20,967.97</u>

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Uday M. Neogi**  
Partner

**Bakul Sheth**  
Company Secretary

**Jitendra T. Rahate**  
Chief Financial Officer

For and on behalf of the Board of Directors

Chairman  
Managing Director

**Rajeev Dubey**  
**Sumit Issar**

**Vijay Arora**  
**P. R. Barpande**  
**Ajay Mehta**  
**Yoshihisa Fujiwara**

Directors

Place: Mumbai  
Date: 25 April, 2016

Place: Mumbai  
Date: 25 April, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	Notes	For the year ended 31 March, 2016 Rs. in Lakhs	For the year ended 31 March, 2015 Rs. in Lakhs
<b>Income</b>			
1 Revenue from operations (gross) .....	17	21,562.83	16,387.13
Less: Excise duty .....		(2,077.79)	(1,317.75)
Revenue from operations (net) .....		19,485.04	15,069.38
2 Other Income .....	18	8.02	37.05
3 <b>Total Revenue (1+2)</b> .....		19,493.06	15,106.43
<b>4 Expenses</b>			
(a) Cost of materials consumed .....	19 (a)	14,847.96	10,610.34
(b) Changes in Inventories of finished goods and work-in-progress .....	19 (b)	115.23	(226.46)
(c) Employee benefits expense .....	20	881.24	713.01
(d) Finance cost .....	21	293.25	348.05
(e) Depreciation and amortisation expense .....	11	972.73	972.72
(f) Other expenses .....	22	1,570.30	1,338.56
<b>Total expenses</b> .....		18,680.71	13,756.22
5 <b>Profit before tax (3-4)</b> .....		812.35	1,350.21
<b>6 Tax expense</b>			
- Current tax .....		327.00	453.00
- Deferred tax .....	34	(63.65)	143.45
		263.35	596.45
7 <b>Profit for the year (5-6)</b> .....		549.00	753.76
<b>8 Earnings per equity share (of Rs. 10 each):</b>			
(a) Basic/Diluted .....	35	3.32	4.56

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Uday M. Neogi**  
Partner

**Bakul Sheth**  
Company Secretary

**Jitendra T. Rahate**  
Chief Financial Officer

**For and on behalf of the Board of Directors**

**Rajeev Dubey**  
**Sumit Issar**

Chairman  
Managing Director

**Vijay Arora**  
**P. R. Barpande**  
**Ajay Mehta**  
**Yoshihisa Fujiwara**

} Directors

Place: Mumbai  
Date: 25 April, 2016

Place: Mumbai  
Date: 25 April, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016

Particulars	For the year ended 31 March, 2016 Rs. in Lakhs	For the year ended 31 March, 2015 Rs. in Lakhs
<b>A. Cash flow from operating activities</b>		
Net Profit before tax .....	812.35	1,350.21
<i>Adjustments for:</i>		
Depreciation and amortisation expense .....	972.73	972.72
Sundry advances written off .....	28.62	-
Interest expense .....	293.25	348.05
unrealised Loss on foreign exchange transactions and translations .....	16.03	34.09
Interest income .....	(3.29)	(11.12)
Dividend income .....	(3.55)	(24.96)
Bad debts and Advances written off .....	-	1.77
Liabilities no longer required written back .....	(0.76)	-
Profit on fixed assets sold .....	(0.42)	(0.97)
	1,302.61	1,319.58
Operating profit before working capital changes .....	2,114.96	2,669.79
<i>Changes in working capital:</i>		
<i>Adjustments for (increase)/decrease in operating assets/liabilities:</i>		
Inventories .....	(1,624.42)	(2,210.39)
Trade and other receivables .....	494.37	(1,058.80)
Trade payables and other liabilities .....	(558.95)	3,103.56
	(1,689.00)	(165.63)
Cash generated from operations .....	425.96	2,504.16
Net income tax paid .....	(312.99)	(301.96)
<b>Net cash flow from operating activities (A)</b> .....	112.97	2,202.20
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances .....	(161.66)	(597.14)
Proceeds from Sale of fixed assets .....	31.89	9.84
Current investments not considered as Cash and cash equivalents		
- Purchase of investment .....	(11,878.00)	(22,121.00)
- Sale of investment .....	11,878.00	22,121.00
Interest received .....	3.29	11.54
Dividend received .....	3.55	24.96
<b>Net cash flow (used) in investing activities (B)</b> .....	(122.93)	(550.80)
<b>C. Cash flow from financing activities</b>		
Repayment of long-term borrowings .....	(1,122.09)	(2,248.71)
Proceeds from other short-term borrowings (net) .....	2,000.00	357.20
Interest Paid .....	(294.55)	(350.92)
Dividend paid .....	(165.40)	(90.97)
Tax on Dividend .....	(33.67)	(15.46)
Dividend paid .....	-	-
<b>Net cash flow from/(used in) financing activities (C)</b> .....	384.29	(2,348.86)
<b>Net increase in Cash and cash equivalents (A+B+C)</b> .....	374.33	(697.46)
Cash and cash equivalents at the beginning of the year .....	71.81	769.27
Cash and cash equivalents at the end of the year .....	446.14	71.81
Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer Note 15) .....	446.14	71.81

Note: The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Uday M. Neogi**  
Partner

**Bakul Sheth**  
Company Secretary

**Jitendra T. Rahate**  
Chief Financial Officer

For and on behalf of the Board of Directors

**Rajeev Dubey**  
**Sumit Issar**

Chairman  
Managing Director

**Vijay Arora**  
**P. R. Barpande**  
**Ajay Mehta**  
**Yoshihisa Fujiwara**

} Directors

Place: Mumbai  
Date: 25 April, 2016

Place: Mumbai  
Date: 25 April, 2016



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Corporate information:

Mahindra Steel Service Centre Limited is a public limited company incorporated on 15 January, 1993 under the Companies Act, 1956. The Company's main activity is steel processing from the plants located at Kanhe and Bhopal. The Company processes automotive and electrical steel.

### 2. Significant Accounting Policies followed by the Company:

#### 2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (The Act). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

#### 2.2 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

#### 2.3 Inventories:

Inventories are stated at cost and net realizable value, whichever is lower. Cost is arrived at on a weighted average method and includes, where appropriate, manufacturing overheads and excise duty.

#### 2.4 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.5 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.6 Fixed Assets:

- (a) Fixed Assets are stated at cost less accumulated depreciation/amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.
- (b) (i) Leasehold land is amortized over the period of the lease.
- (ii) Depreciation on other fixed assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of vehicles where the life has been assessed as five years taking into account the estimated usage of such vehicles. (Refer note 24)

#### 2.7 Revenue Recognition:

Sales of products are recognized, when the significant risks and rewards of ownership are transferred to the Buyer. Sales include excise duty, but excludes sales tax and value added tax.

Sales of services are recognised when services are rendered.

#### 2.8 Other Income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

#### 2.9 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. All foreign currency monetary items outstanding at the year end (excluding long term liability) are translated at the relevant rates of exchange prevailing at the year end. Exchange difference arising on settlement/restatement of foreign currency monetary assets & liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss. In respect of forward exchange contracts, the premium or discount arising at the inception of such a contract is amortized as expense or income over the life of the contract.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing and acquisition of fixed assets are added to or subtracted from the cost of depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

#### 2.10 Investments:

Long term Investments are valued at cost less provision, if any, for decline other than temporary, in value of such investments. Current investments are valued at the lower of cost and fair value determined by category of investment.

#### 2.11 Employee Benefits:

- i) Defined Contribution Plan:  
Company's contributions paid/payable during the year to the provident fund, superannuation fund, Employee State Insurance Scheme and labour welfare fund are recognized in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.
- ii) Defined Benefit Plan/Long Term Compensated Absences:  
Company's liability towards gratuity, compensated absence and post retirement medical benefit schemes are determined by an independent actuary using the projected unit credit method at each balance sheet date. Past service cost are recognized on a straight-line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation, as reduced by the fair value of scheme assets.

#### 2.12 Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

#### 2.13 Taxes on Income:

Tax expense comprises current and deferred tax. Current Tax is determined as either (i) the amount of tax payable in respect of taxable income after considering usual allowances and disallowances under the Income-tax Act, 1961 or (ii) Minimum Alternate Tax for the year. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of the earlier years.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

**2.14 Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

**2.15 Stock Appreciation Rights (SARs):**

The compensation cost of SARs granted to employees is accounted by the Company using the intrinsic value method. The fair value of the equity shares is based on valuation obtained from an independent valuer. Difference between market value and face value of the equity shares, being the intrinsic value, is recognised as compensation cost over the vesting period.

**Note 3 Share Capital**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of Shares	Rs. in Lakhs	Number of Shares	Rs. in Lakhs
<b>(a) Authorised</b>				
Equity shares of Rs. 10 each.....	17,000,000	1,700.00	17,000,000	1,700.00
	<u>17,000,000</u>	<u>1,700.00</u>	<u>17,000,000</u>	<u>1,700.00</u>
<b>(b) Issued, Subscribed and fully paid up</b>				
Equity shares of Rs. 10 each.....	16,539,759	1,653.98	16,539,759	1,653.98
	<u>16,539,759</u>	<u>1,653.98</u>	<u>16,539,759</u>	<u>1,653.98</u>

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended 31 <sup>st</sup> March, 2016				
Number of shares.....	16,539,759	-	-	16,539,759
Amount (in Lakhs).....	1,653.98	-	-	1,653.98
Year ended 31 <sup>st</sup> March, 2015				
Number of shares.....	16,539,759	-	-	16,539,759
Amount (in Lakhs).....	1,653.98	-	-	1,653.98

(ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

**Terms/rights attached to equity shares**

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: one vote for each equity share registered in the name of the member. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

**(iii) Details of shares held by the holding company**

Particulars	As at 31 March, 2016	As at 31 March, 2015
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees).....	10,089,257	10,089,257

**(iv) Details of shares held by each shareholder holding more than 5% shares**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited (including 7 equity shares held jointly with its nominees) .....	10,089,257	61%	10,089,257	61%
Metal One Corporation.....	6,450,502	39%	6,450,502	39%

**Note 4 Reserves and Surplus**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Capital Reserve.....	20.00	20.00
(b) Securities Premium Account.....	4,011.15	4,011.15
(c) General Reserve .....	164.44	164.44
(d) Surplus in the statement of profit and loss		
Opening balance .....	3,483.75	2,957.76
Less: FY 2015: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax of Rs. 14.77 Lakhs) (Refer Note 24)	-	28.70
Add: Profit for the year.....	549.00	753.76
Less: Transferred to:		
Proposed dividend (Rs 0.70 per equity share [2015: Rs 1 per equity share]) ....	115.78	165.40
Tax on dividend.....	23.57	33.67
Closing balance .....	3,893.40	3,483.75
	<u>8,088.99</u>	<u>7,679.34</u>

**Note 5 Long-term borrowings**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Term loans from Banks [Refer note (i)]		
Secured.....	829.75	1,902.75
Less: Current maturities of long term debt (refer note 9) .....	(486.00)	(1,073.00)
	343.75	829.75
(b) Deferred payment liabilities [Refer note (ii)]		
Unsecured.....	125.22	150.56
Less: Current maturities of long term debt (refer note 9) .....	(31.87)	(25.34)
	93.35	125.22
(c) Interest free sales tax loan from SICOM [Refer note (iii)] .....		
Unsecured.....	336.20	359.95
Less: Current maturities of long term debt (refer note 9) .....	(72.15)	(23.75)
	264.05	336.20
	<u>701.15</u>	<u>1,291.17</u>

- (i) (a) The Company has a term loan of Rs. 211 Lakhs (FY 2015: Rs. 811 Lakhs) under sanction extended by Axis Bank [interest payable at the rate of 10.25% p.a. (FY 2015: 10.90% p.a.) [payable monthly] linked to the base rate] which is secured by first pari passu charge on the movable fixed assets of the Company situated at Kanhe plant, Maharashtra and second charge over the present and future current assets of the Company. The repayment details are as follows:

Repayment Details	Amount to be repaid Rs. in Lakhs	Repayment Year
One installment of Rs. 125.00 Lakhs on 30 June 2016.....	125.00	FY 2016-17
One installment of Rs. 86.00 Lakhs on 30 September 2016.....	86.00	FY 2016-17

- (b) In the previous year the Company had a term loan of Rs. 198 Lakhs under sanction extended by YES Bank which was secured by first pari passu charge on movable fixed assets situated at Bhopal and Kanhe plant with a minimum cover of 1.25x and negative lien on the immovable fixed assets of Bhopal plant.

- (c) The Company has a term loan of Rs. 618.75 Lakhs (FY 2015: Rs. 893.75 Lakhs) under sanction extended by HDFC Bank [interest payable at the rate of 10.10% p.a. (FY 2015: 10.80% p.a.) (payable monthly) linked to the base rate], secured by first pari passu charge on movable fixed assets situated at Kanhe plant. The repayment details are as follows:

Repayment Details	Amount to be repaid Rs. in Lakhs	Repayment Year
4 quarterly installments of Rs. 68.75 Lakhs each.....	275.00	FY 2016-17
4 quarterly installments of Rs. 68.75 Lakhs each.....	275.00	FY 2017-18
One installment of Rs. 68.75 Lakhs ...	68.75	FY 2018-19

- (ii) The Company has received a Certificate of Entitlement from the Deputy Commissioner of Sales Tax, Maharashtra State, in terms of the Package Scheme of Incentives, 1993 of the Government of Maharashtra, consequent to which the Company has deferred the sales tax liability with effect from 1 May, 2002. The Sales Tax liability so deferred is Rs. 125.22 Lakhs as at 31 March, 2016 which is repayable as follows.

Repayment Details of Sales Tax VAT liability	Amount to be repaid Rs. in Lakhs	Repayment date
VAT liability of FY 2002-2003 to FY 2005-2006 .....	31.87	30 April, 2016
VAT liability of FY 2002-2003 to FY 2005-2006 .....	31.87	30 April, 2017
VAT liability of FY 2003-2004 to FY 2005-2006 .....	29.47	30 April, 2018
VAT liability of FY 2004-2005 to FY 2005-2006 .....	25.46	30 April, 2019
VAT liability of FY 2005-2006 .....	6.55	30 April, 2020

- (iii) Interest Free SICOM Loan of Rs. 336.20 Lakhs is repayable as follows:

Loan payable as on	Amount Rs. in Lakhs	Loan payable as on	Amount Rs. in Lakhs	Loan payable as on	Amount Rs. in Lakhs
31 March, 2016	2.40	31 March, 2016	91.80	31 March, 2016	242.00
Repayment Details		Repayment Details		Repayment Details	
25 February, 2017	0.80	25 September, 2016	22.95	25 July, 2016	48.40
25 February, 2018	0.80	25 September, 2017	22.95	25 July, 2017	48.40
25 February, 2019	0.80	25 September, 2018	22.95	25 July, 2018	48.40
-	-	25 September, 2019	22.95	25 July, 2019	48.40
-	-	-	-	25 July, 2020	48.40

**Note 6 Long-term provisions**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Provision for employee benefits		
(i) Provision for compensated absences...	90.03	67.94
(ii) Provision for post retirement medical benefit (Refer note 30) .....	4.21	1.31
(iii) Provision for Stock Appreciation Rights .....	9.70	3.11
	<u>103.94</u>	<u>72.36</u>

**Note 7 Short-term borrowings**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Term loan from bank (Refer Note (i))		
Unsecured.....	2,000.00	-
(b) Other loans and advances [Refer note (ii)].		
Secured.....	369.72	356.32
	<u>2,369.72</u>	<u>356.32</u>

- (i) The Company has a short term loan of Rs. 2,000 Lakhs (FY 2015: Rs. Nil) under sanction extended by HDFC Bank [interest payable at the rate of 9.35% p.a.].

- (ii) The Company has taken buyer's credit for purchase of machinery of Rs. 369.72 Lakhs (FY 2015: Rs. 356.32 Lakhs) under sanction extended by HDFC Bank secured by first pari passu charge on the stock and book debts of the Company.

Interest payable on buyer's credit is linked to USD LIBOR.

**Note 8 Trade Payables**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Trade Payables		
Acceptances .....	3,178.78	4,894.58
Other than Acceptance - Micro and small enterprises .....	-	-
Other than Acceptance - Other than micro and small enterprises.....	3,401.25	2,368.70
	<u>6,580.03</u>	<u>7,263.28</u>

Note: There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified based on the information available with the Company. This has been relied upon by the auditors.

**Note 9 Other current liabilities**

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Current maturities of long-term debt [Refer note 5].....	590.02	1,122.09
(b) Interest accrued but not due on borrowings .....	31.06	32.36

MAHINDRA STEEL SERVICE CENTRE LIMITED

Particulars	As at	As at	Note 10 Short-term provisions		
	31 March, 2016	31 March, 2015	Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs		Rs. in Lakhs	Rs. in Lakhs
(c) Other payables					
(i) Statutory remittances (contribution to Provident Fund and Employee State Insurance Scheme, withholding taxes, service tax, etc.)	30.68	22.17	(a) Employee benefits		
(ii) Value Added Tax payable	115.20	99.73	(i) Provision for compensated absences	14.81	11.08
(iii) Payables on purchase of fixed assets	21.93	51.72	(ii) Provision for gratuity (net) [Refer note 30]	18.27	-
(iv) Advance from customers	67.86	21.20	(b) Provision - Others		
(v) Dealer deposit	17.67	9.92	- Provision for proposed equity dividend	115.78	165.40
(vi) Other current liabilities	12.98	10.42	- Provision for tax on proposed dividend	23.57	33.67
(vii) Overdrawn bank balance (as per books)	6.64	-	- Provision for Stock Appreciation Rights	7.99	9.59
	<b>894.04</b>	<b>1,369.61</b>		<b>180.42</b>	<b>219.74</b>

Note 11 Fixed Assets

Tangible Assets	Gross Block			Depreciation and amortisation expense				Net Block		
	Balance as at 1 April, 2015	Additions	Disposals/ Adjustments	Balance as at 31 March, 2016	Balance as at 1 April, 2015	For the year	Disposals/ Adjustments	Transition adjustment recorded against surplus balance in statement of profit and loss account	Balance as at 31 March, 2016	Balance as at 31 March, 2016
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Land – Leasehold	69.46	-	-	69.46	16.52	2.09	-	-	18.61	50.85
	(69.46)	-	-	(69.46)	(14.43)	(2.09)	-	-	(16.52)	(52.94)
Buildings	2,916.52	14.90	-	2,931.42	657.82	89.65	-	-	747.47	2,183.95
	(2,915.49)	(1.03)	-	(2,916.52)	(568.64)	(89.18)	-	-	(657.82)	(2,258.70)
Plant and Equipment**	11,439.99	98.18	31.09	11,507.08	4,688.31	827.53	-	-	5,515.84	5,991.24
	(10,899.42)	(621.82)	(81.25)	(11,439.99)	(3,846.74)	(816.93)	(0.45)	(25.09)	(4,688.31)	(6,751.68)
Electric Installation	344.83	5.87	-	350.70	161.05	27.52	-	-	188.57	162.13
	(344.83)	-	-	(344.83)	(130.41)	(27.39)	-	(3.25)	(161.05)	(183.78)
Furniture and Fixtures	64.90	-	-	64.90	27.23	5.43	-	-	32.66	32.24
	(59.16)	(5.74)	-	(64.90)	(20.31)	(5.34)	-	(1.58)	(27.23)	(37.67)
Vehicles	29.13	3.11	5.56	26.68	24.90	1.96	5.28	-	21.58	5.10
	(41.27)	-	(12.14)	(29.13)	(32.69)	(4.34)	(12.13)	-	(24.90)	(4.23)
Office Equipment	57.90	4.64	-	62.54	36.22	7.68	-	-	43.90	18.64
	(56.36)	(1.54)	-	(57.90)	(8.53)	(15.95)	-	(11.74)	(36.22)	(21.68)
Computers	77.04	18.57	0.48	95.13	52.35	10.87	0.38	-	62.84	32.29
	(68.44)	(10.07)	(1.47)	(77.04)	(40.49)	(11.50)	(1.45)	(1.81)	(52.35)	(24.69)
Total	14,999.77	145.27	37.13	15,107.91	5,664.40	972.73	5.66	-	6,631.47	8,476.44
Previous year	(14,454.43)	(640.20)	(94.86)	(14,999.77)	(4,662.24)	(972.72)	(14.03)	(43.47)	(5,664.40)	(9,335.37)

\*\* Additions during the year include foreign exchange loss of Rs. 7.78 lakhs (net) [FY 2015: Rs. 21.69 lakhs (net)].

Note: Figures in brackets are in respect of the previous year.

Note 12A Long-term loans and advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Unsecured, Considered Good		
(a) Security deposits	23.38	23.38
(b) Other loans and advances		
Advance income tax (Net of provisions)	263.76	130.63
(c) Surplus of plan assets over obligation - gratuity (Refer note 31)	-	2.84
	<b>287.14</b>	<b>156.85</b>

Note 12B Other non-current assets

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Unsecured, Considered Good		
Industrial Investment Promotion Assistance receivable (Refer note 38)	646.53	601.73
	<b>646.53</b>	<b>601.73</b>

**Note 13 Inventories**

(at lower of cost and net realisable value)

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Raw materials [refer note 19(a)] .....	2,815.05	2,902.59
Goods in transit .....	2,672.35	861.49
	<u>5,487.40</u>	<u>3,764.08</u>
(b) Work in progress .....	381.38	342.91
(c) Finished goods [refer note 19(b)] .....	621.68	775.38
(d) Scrap .....	48.24	31.27
(e) Stores and spares .....	76.73	77.37
	<u>6,615.43</u>	<u>4,991.01</u>

**Note 14 Trade receivables**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment .....		
Unsecured, considered good .....	40.56	3.60
(b) Other Trade receivables		
Unsecured, considered good .....	3,458.32	3,516.86
	<u>3,498.88</u>	<u>3,520.46</u>

**Note 15 Cash and cash equivalents**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Cash on hand .....	0.22	0.24
(b) Balances with banks		
(i) In current accounts .....	445.92	71.57
	<u>446.14</u>	<u>71.81</u>
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is .....	<u>446.14</u>	<u>71.81</u>

**Note 16A Short-term loans and advances**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Other loans and advances		
Unsecured, considered good .....		
(a) Advances to suppliers .....	14.93	53.40
(b) Custom deposits .....	32.23	32.23
(c) Advance/Loans to employees .....	3.72	7.94
(d) Prepaid expenses .....	10.45	2.49
(e) Minimum Alternate Tax (MAT) credit entitlement .....	-	147.14
(f) Balances with government authorities...		
(i) CENVAT credit receivable .....	767.92	1,432.53
(ii) Value Added Tax credit receivable ..	155.88	191.66
(iii) Service Tax credit receivable .....	308.67	222.53
(iv) Entry Tax receivable .....	59.24	59.24
(g) Other loans and advances	23.95	21.67
	<u>1,376.99</u>	<u>2,170.83</u>

**Note 16B Other Current Assets**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Unsecured, considered good .....		
Industrial Investment Promotion Assistance receivable (Refer note 38)...	223.24	119.91
	<u>223.24</u>	<u>119.91</u>

**Note 17 Revenue from Operations**

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
<b>Revenue from-</b>		
(a) Sale of products [Refer Note (i) below] ...	18,696.54	12,917.86
(b) Sale of services [Refer Note (ii) below]....	1,697.58	2,007.27
(c) Other operating revenues [Refer Note (iii) below] .....	1,168.71	1,462.00
	<u>21,562.83</u>	<u>16,387.13</u>
(d) Less: Excise duty .....	2,077.79	1,317.75
	<u>19,485.04</u>	<u>15,069.38</u>

**Notes:**

(i) Sale of products comprises:		
Manufactured goods .....		
Steel products.....	18,696.54	12,917.86
(ii) Sale of services comprises:		
Steel processing .....	1,697.58	2,007.27
(iii) Other operating revenues comprise:		
Scrap sales .....	773.00	718.21
Insurance claim .....	5.19	15.46
Cash discount.....	7.97	5.79
Industrial Investment Promotion Assistance (Refer note 38).....	378.17	721.64
Other operating income .....	4.38	0.90
	<u>1,168.71</u>	<u>1,462.00</u>

**Note 18 Other Income**

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) <b>Dividend income</b>		
Dividend from current investments (other than trade).....	3.55	24.96
(b) <b>Interest income</b>		
Interest from banks.....	-	1.09
Others.....	3.29	10.03
(c) <b>Liabilities no longer required written back</b> .....	0.76	-
(d) <b>Profit on sale of fixed assets</b> .....	0.42	0.97
	<u>8.02</u>	<u>37.05</u>

**Note 19 (a) Cost of materials consumed**

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Opening Stock .....	3,764.08	1,827.29
Add: Purchases .....	16,571.28	12,547.13
	<u>20,335.36</u>	<u>14,374.42</u>
Less: Closing Stock.....	(5,487.40)	(3,764.08)
	<u>14,847.96</u>	<u>10,610.34</u>

Details of raw materials consumed	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Steel .....	14,847.96	10,610.34
	As at	As at
	31 March, 2016	31 March, 2015
Details of Closing Stock of raw materials	Rs. in Lakhs	Rs. in Lakhs
Steel .....	5,487.40	3,764.08

**Note 19 (b) Changes in inventories of finished goods and work-in-progress**

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Inventories at the end of the year		
Finished goods .....	621.68	775.38
Work-in-progress .....	381.38	342.91
Total .....	1,003.06	1,118.29
Inventories at the beginning of the year		
Finished goods .....	775.38	347.57
Work-in-progress .....	342.91	544.26
Total .....	1,118.29	891.83
Decrease/ (Increase) in Stock .....	115.23	(226.46)
	As at	As at
	31 March, 2016	31 March, 2015
Details of inventory of finished goods at the end of the year	Rs. in Lakhs	Rs. in Lakhs
Steel Products .....	621.68	775.38
	As at	As at
	31 March, 2016	31 March, 2015
Details of inventory of work-in-progress at the end of the year	Rs. in Lakhs	Rs. in Lakhs
Steel Products .....	381.38	342.91

**Note 20 Employee Benefit Expenses**

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Salaries and wages .....	689.39	580.57
(b) Stock Appreciation Rights Scheme Expenses (Refer note 36) .....	24.31	15.15
(c) Contribution to provident and other funds .....	36.82	32.89
(d) Gratuity expense [Refer note 30(ii)(b)] .....	21.11	11.49
(e) Post retirement medical benefit expense [Refer note 30(ii)(a)] .....	2.90	0.61
(f) Staff welfare .....	106.71	72.30
	881.24	713.01

**Note 21 Finance Cost**

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Interest expense on		
(i) Borrowings .....	231.11	289.03
(ii) Other		
– Usance Interest .....	60.76	58.82
– delayed/deferred payment of tax .....	1.38	0.20
	293.25	348.05

**Note 22 Other Expenses**

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
(a) Stores consumed .....	63.80	49.78
(b) Power and fuel .....	201.94	239.11
(c) Rent including lease rentals .....	6.91	5.66
(d) Rates and taxes .....	17.17	14.95
(e) (Decrease)/ Increase of excise duty on inventory (Refer note 35) .....	(15.62)	(61.93)
(f) Insurance .....	26.96	20.82
(g) Repairs and maintenance:		
Buildings .....	29.39	14.02
Machinery .....	46.45	37.64
Others .....	103.72	174.39
(h) Software charges .....	22.77	25.70
(i) Legal and professional charges .....	77.22	57.48
(j) Freight outward .....	155.33	128.83
(k) Subcontracting, hire and service charges .....	328.95	349.71
(l) Auditors' remuneration [Refer note (i) below] .....	12.00	10.01
(m) Loss on foreign exchange transactions and translations .....	247.63	136.80
(n) Bad debts and advances written off .....	–	1.77
(o) Sundry advances written off .....	28.62	–
(p) Expenditure on CSR activities .....	15.53	11.80
(q) Miscellaneous expenses .....	201.53	122.02
	1,570.30	1,338.56

**Note**

**(i) Auditors' remuneration**

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Auditors' remuneration includes payment to auditors -		
(a) As statutory auditor .....	8.00	7.00
(b) For certification work .....	1.45	0.70
(c) For reimbursement of expenses .....	0.05	0.06
(d) For Taxation work .....	2.50	2.25
	12.00	10.01

**Note 23 Contingent liabilities and commitments (to the extent not provided for)**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
<b>(i) Claims against the Company not acknowledged as debts:</b>		
(a) Income Tax demand for AY 2011-12 .....	5.04	5.04
(b) Excise duty demand for October 2011 to January 2013 .....	100.75	–
(c) Custom Duty demand for the financial year 2009-10 .....	11.42	11.42
<b>(ii) Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets .....	0.43	6.67

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
<b>(iii) Other money for which the Company is contingently liable</b>		
(a) Corporate Guarantee given by the Company to M/s SHV Energy Private Limited.....	12.00	12.00
(b) Bill discounted under Letter of Credit by HDFC Bank .....	-	6.27

**Note 24** Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Company had, effective 1st April 2014, reviewed and revised the estimated useful life of its fixed assets, in accordance with the provisions of Schedule II to the Act. The carrying amount of the assets as on that date have been depreciated over the remaining useful life of the assets as per Schedule II of the Companies Act, 2013. Consequently, depreciation for FY 2015 was higher by Rs. 177.42 Lakhs. Further, an amount of Rs. 28.70 Lakhs (net of deferred tax of Rs. 14.77 Lakhs) had been recognized in the Surplus in the statement of profit and loss, where the remaining useful life of such assets is Nil as at 1st April, 2014 in line with the provisions of Schedule II to the Companies Act, 2013.

#### Note 25 Derivative Instruments

The Company has entered into Forward Exchange Contracts (being a derivative instrument), which are not intended for trading or speculative purposes, but for hedge purposes.

(i) The following are the outstanding Forward Exchange Contracts entered into by the Company:

Particulars	Currency	As at 31 March, 2016 (figures in Lakhs)		As at 31 March, 2015 (figures in Lakhs)		Buy/Sell	Cross currency
		Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.		
Foreign currency loan (Import of Machinery) .....	USD	5.64	369.72	5.67	356.32	Buy	Rupees
Import of machinery .....	JPY	-	-	75.00	39.77	Buy	Rupees
Import of Raw Material .....	USD	26.40	1,762.73	49.84	3,142.60	Buy	Rupees

(ii) The year end foreign currency exposures that have not been hedged by a derivatives instrument or otherwise are given below.

Particulars	Currency	As at 31 March, 2016 (figures in Lakhs)		As at 31 March, 2015 (figures in Lakhs)	
		Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.
<b>Payable on account of</b>					
Import of Raw Material .....	USD	45.86	3,062.07	27.98	1,764.41

#### Note 26 Value of imports calculated on CIF basis

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Plant and Machinery.....	-	397.65
Spares .....	3.70	27.90
Raw materials .....	10,288.58	6,928.34

#### Note 27 Details of consumption of imported and indigenous raw materials

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Import.....	8,276.51	56	5,160.15	49
Indigenous .....	6,571.45	44	5,450.19	51
	<u>14,847.96</u>	<u>100</u>	<u>10,610.34</u>	<u>100</u>

#### Note 28 Earning in foreign exchange

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Export of goods calculated on FOB basis .....	25.50	2.58

#### Note 29 Expenditure in foreign currency

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Interest .....	52.33	37.62
Service Charges .....	2.01	0.06
Loss on foreign exchange transactions and translations .....	247.63	136.80

#### Note 30 Employee Benefits:

Following are the relevant disclosures in pursuance of the Accounting Standard 15, "Employee Benefits".

i) The Company has recognized, in the statement of profit and loss for the year, an amount of Rs. 36.64 Lakhs (2015 : Rs. 32.60 Lakhs) as expenses under defined contribution plans.

Benefit (Contribution to)	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Provident Fund .....	26.79	24.97
Pension Fund.....	9.84	7.63
Total.....	<u>36.64</u>	<u>32.60</u>

ii) The Company operates defined benefit plans as follows:

- a. Unfunded - Post Retirement Medical Benefits
- b. Funded - Post Retirement Gratuity

**a. Details of unfunded defined benefit obligations in respect of Post Retirement Medical Benefits are as follows:**

Particulars	Rs. in Lakhs	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>1. Reconciliation of opening and closing balances of obligation</b>		
a. Opening Obligation.....	1.31	0.75
b. Current Service Cost.....	0.23	0.11
c. Interest Cost.....	0.12	0.08
d. Actuarial (gain)/loss.....	2.55	0.42
e. Liabilities assumed on transfer of employees.....	-	(0.05)
f. Benefits paid.....	-	-
g. Closing Obligation.....	4.21	1.31
<b>2. Expected employer's contribution next year</b> .....	-	-
<b>3. Expense recognised in the year</b>		
a. Current Service Cost.....	0.23	0.11
b. Interest Cost.....	0.12	0.08
c. Actuarial (gain)/loss.....	2.55	0.42
d. Expenses recognized in the year.....	2.90	0.61
The expense is included in line item- Post retirement medical benefit expense in note 20.		
<b>4. Assumptions</b>		
a. Discount rate.....	8.00%	8.05%
b. Salary Growth Rate.....	10%	10%
c. Annual Increase in Healthcare cost.....	7%	7%
d. Normal retirement age.....	60 years	60 years
e. Attrition rate.....	9%	9%
f. Mortality.....	*Note	*Note

\* Note: Indian Assured Lives Mortality (2006-08)

5. Effect of one percentage point change in the assumed medical inflation rate	Rs. in Lakhs		Rs. in Lakhs	
	One percentage point increase in medical inflation rates		One percentage point decrease in medical inflation rates	
	2016	2015	2016	2015
Effect on the aggregate service and interest cost of Post Employment Medical Benefits.....	0.17	0.07	(0.14)	(0.06)
Effect on the accumulated Post Employment Medical Benefit obligations.....	0.78	0.27	(0.65)	(0.22)

**6. Experience adjustments**

Particulars	Rs. in Lakhs				
	2016	2015	2014	2013	2012
Defined Benefit obligation.....	4.21	1.31	0.75	2.05	2.05
Deficit.....	(4.21)	(1.31)	(0.75)	(2.05)	(2.05)
Experience adjustments on plan liabilities.....	2.52	0.22	(1.58)	(0.59)	0.26

**b. Details of Gratuity Plan are as follows:**

Particulars	Rs. in Lakhs	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>1. Reconciliation of opening and closing balances of obligation:</b>		
a. Opening Obligation.....	101.18	83.72
b. Current Service Cost.....	12.21	9.72

Particulars	Rs. in Lakhs	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
c. Interest Cost.....	8.79	7.92
d. Actuarial (gain)/loss.....	9.97	4.62
e. Liabilities assumed on transfer of employees.....	-	0.09
f. Benefits paid.....	(0.67)	(4.89)
g. Closing Obligation.....	131.48	101.18
The defined benefit obligation is wholly funded by the company		
<b>2. Change in Plan Assets (Reconciliation of opening &amp; closing balances):</b>		
a. Opening fair value of plan assets....	104.02	89.15
b. Expected return on plan assets.....	7.67	6.50
c. Actuarial gain/(loss).....	2.19	4.27
d. Contributions.....	-	6.80
e. Asset received on transfer of employees.....	-	2.19
f. Benefits paid.....	(0.67)	(4.89)
g. Closing fair value of plan assets.....	113.21	104.02
<b>3. Expected employer's contribution next year:</b> .....	10.00	5.00
<b>4. Reconciliation of fair value of assets and obligations:</b>		
a. Fair value of plan assets as at the year end.....	113.21	104.02
b. Present value of obligation as at the year end.....	131.48	101.18
c. Amount recognised in the balance sheet - (assets)/liabilities.....	18.27	(2.84)
<b>5. Expense recognised in the year:</b>		
a. Current service cost.....	12.21	9.72
b. Interest cost.....	8.79	7.92
c. Expected return on plan assets.....	(7.67)	(6.50)
d. Actuarial (gain)/loss.....	7.78	0.35
e. Expenses recognized in the year.....	21.11	11.49
<b>6. Investment Details:</b>		
a. Insurer (LIC) Managed funds*.....	100%	100%
<b>7. Assumptions:</b>		
a. Discount rate (per annum).....	8.00%	8.05%
b. Estimated rate of return on plan assets (per annum).....	7.50%	7.50%
c. Salary Growth Rate (per annum).....	10%	10%
d. Mortality Rate**.....	**Note	**Note

\*\*Note: Indian Assured Lives Mortality (2006-08)

**8. Experience adjustments:**

Particulars	Rs. in Lakhs				
	2016	2015	2014	2013	2012
Defined Benefit obligation.....	131.48	101.18	83.72	76.38	63.55
Fair Value of Plan Assets.....	113.21	104.02	89.15	81.87	66.03
Surplus.....	(18.27)	2.84	5.43	5.49	2.48
Experience adjustments on plan assets...	2.19	4.27	1.02	0.23	0.48
Experience adjustments on plan liabilities...	9.42	(2.76)	(0.87)	0.25	13.81

\* Due to absence of data provided by LIC, break-up of Plan assets (assets allocation) in insurer managed funds have not been furnished.

Basis used to determine the discount rate:

The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligation.

Basis used to determine the expected rate of return:

Based on expectation of the average long term rate of return expected on investment of the fund, during the estimated term of obligation.

The estimates of future salary increases take into account inflation, seniority, promotion and the other relevant factors.



**Note 31 Segment Reporting:**

The company has a single segment namely steel processing for the purpose of Accounting Standard 17 on segment reporting.

**Note 32 Related Party transactions:**

Related party disclosures as required by AS-18 "Related Party Disclosures" are given below.

Ultimate Holding Company	Mahindra & Mahindra Ltd.
Holding Company	Mahindra Intertrade Limited
Key Management Personnel (KMP)	Mr. Harsh Kumar (Managing Director)
(Refer Note 37)	upto 30 September 2015
	Mr. Sumit Issar (Managing Director)
	from 1 October 2015

Other parties with whom transactions have taken place during the year.

- (i) Fellow Subsidiaries
  - Mahindra MiddleEast Electrical Steel Service Centre (FZC) (MME)
  - Mahindra Auto Steel Private Limited (MASL)
  - Mahindra Integrated Business Solutions Pvt. Limited (MIBS)
  - Mahindra First Choice Services Limited (MFCSL)
  - Mahindra Ugine Steel Company Limited (MUSCO) (Upto 10 December 2014)
- (ii) A Company having significant influence
  - Metal One Corporation

**(a) Disclosure of transactions between the company and related parties during the year ended 31 March, 2016:**

	(Receipt/Income)/Expenditure/Payment															
	Ultimate Holding Company		Holding Company		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		A Company having Significant influence	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Sale of Fixed Assets	-	-	-	-	-	2.58	-	0.02	-	-	-	-	-	-	-	-
Dividend paid	-	-	100.89	55.49	-	-	-	-	-	-	-	-	-	-	64.51	35.48
Processing Income	-	-	1,337.71	1,772.81	-	-	0.36	-	-	-	-	-	-	-	0.11	-
Sales	-	-	0.18	0.02	-	-	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	2,665.77	3,859.87	-	-	-	-	-	-	-	-	-	-	7,078.34	6,557.68
Deposit for appointment of director received	-	-	-	3.00	-	-	-	-	-	-	-	-	-	-	-	-
Deposit for appointment of director paid	-	-	2.00	1.00	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and support service charges	-	-	160.86	164.94	-	-	-	-	-	-	-	-	-	-	-	-
Sublease Expenses	-	-	5.66	5.66	-	-	-	-	-	-	-	-	-	-	-	-
Professional Expenses	7.59	2.20	-	-	-	-	-	1.14	1.14	-	-	-	-	-	-	-
Repairs and Maintenance Paid	-	-	-	-	-	-	-	-	-	-	-	1.02	-	-	-	-
Reimbursement received from Parties	-	-	2.06	24.11	3.84	-	-	-	-	-	-	-	-	-	-	-
Reimbursement made to Parties	32.85	1.08	11.86	21.15	-	-	5.35	-	-	-	-	-	-	-	-	-
Deputation of Personnel to related parties	-	-	5.78	7.95	-	-	-	-	-	-	-	-	-	-	-	-
Deputation of Personnel from related parties	-	-	42.76	41.04	-	-	-	-	-	-	-	-	-	-	-	-

**(b) Outstanding receivable:**

	31st March, 2016 Rupees lakhs	31st March, 2015 Rupees lakhs
From Fellow Subsidiaries.....	3.84	0.02

**(c) Outstanding payable:**

	31st March, 2016 Rupees lakhs	31st March, 2015 Rupees lakhs
To Ultimate Holding Company (excludes equity share capital).....	12.27	1.53
To Holding Company (excludes equity share capital).....	209.82	1,565.72
To Fellow Subsidiaries.....	7.00	7.01
To Company having significant influence .....	2,751.26	4,907.01

- In respect of the outstanding balances recoverable, no provision for doubtful debts was made in respect of these parties.
- During the year there were no amounts written off and written back from such parties.

**Note 33 Earnings per share:**

Particulars	As at 31 March, 2016	As at 31 March, 2015
Profit after tax (Rs. in Lakhs) (A) .....	549.00	753.76
Weighted average number of shares		
Basic (B) .....	16,539,759	16,539,759
Earnings per share Basic/Diluted (Rupees) (A/B) .....	3.32	4.56
Nominal value of equity share (Rupees).....	10	10

**Note 34 Deferred tax liabilities:**

Particulars	As at 31 March, 2016 Rs. in lakhs	As at 31 March, 2015 Rs. in lakhs
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets.....	1,040.41	1,093.78
	1,040.41	1,093.78
Tax effect of items constituting deferred tax assets		
Provision for Employee Benefits .....	41.89	31.61
	41.89	31.61
Deferred Tax Liability (net) .....	998.52	1,062.17

**Note 35 Excise duty:**

Excise duty disclosed under "Other Expenses" Note No 22 represents difference between the excise duty on opening stock and closing stock of finished goods.

**Note 36 Stock Appreciation Rights**

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARs-2013) during the years ended 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2016. Under the scheme, eligible employees are entitled to receive appreciation in value of equity shares over its face value on exercise of the SARs. The SARs may be exercised up to a period of three years from the date of vesting.

The related expenses for SARs amounting to Rs. 24.31 lakhs (2015: Rs. 15.15 lakhs) have been recognised as employee cost.

**Summary of SARs:**

SARs outstanding on 1 <sup>st</sup> April 2015	65,060
SARs granted during the year	6,555
SARs forfeited during the year	–
SARs exercised during the year	21,840
SARs outstanding on 31 <sup>st</sup> March 2016	49,775

The fair value of SARs granted during the year is Rs. 84.70 per SAR.

Had the Company adopted fair value method as described in the Guidance note on Accounting for Employee Share - based Payments issued by the Institute of Chartered Accountants of India, the employee compensation cost would have been lower by Rs. 7.15 lakhs, profit after tax higher by Rs. 4.79 lakhs and the earnings per share would have been higher by Re 0.03.

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

	Grant dated 26 <sup>th</sup> February, 2016	Grant dated 26 <sup>th</sup> February, 2015
Risk free interest rate	Annualised continuously compounded rate on safe asset with same maturity	
Expected volatility	16.68%	13.51%
Expected dividend yield	7.04%	6.68%

**Note 37 Managerial Remuneration:**

The Company is not required to pay any managerial remuneration in respect of the “Managing Director” appointed under Section 197 and other applicable provisions of the Companies Act, 2013, from time to time, as per the terms approved.

**Note 38 Industrial Investment Promotion Assistance:**

In terms of Madhya Pradesh Industrial Investment Promotion Assistance Scheme, the Company in respect of Plant set up in an earlier year at Bhopal is entitled for Industrial Investment Promotion Assistance (IIPA) equivalent to 75%

of amount deposited as VAT or CST during each of the 10 years ending March 2020. In the earlier years in view of uncertainty about the receipt of IIPA amount the Company had not recognised the amount receivable in the respective years beginning 2010-2011. Considering the sanction orders received for the year 2010-2011 during FY 2014 and for the year 2011-2012 during FY 2015, the Company had accrued IIPA of Rs. 721.64 Lakhs relating to the years 2012-2015 (including Rs. 453.28 Lakhs upto the year ended 31<sup>st</sup> March 2014) during FY 2015.

**Note 39 Corporate Social Responsibility (CSR):**

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 15.24 Lakhs (FY 2015 Rs. 11.73 Lakhs). CSR amount spent during the year is Rs. 15.53 Lakhs (FY 2015 Rs. 11.80 Lakhs).

**Note 40 Previous year's figures:**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

**For and on behalf of the Board of Directors**

<b>Bakul Sheth</b> Company Secretary	<b>Rajeev Dubey</b> <b>Sumit Issar</b>	Chairman Managing Director
<b>Jitendra T. Rahate</b> Chief Financial Officer	<b>Vijay Arora</b> <b>P. R. Barpande</b> <b>Ajay Mehta</b> <b>Yoshihisa Fujiwara</b>	} Directors

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

## DIRECTORS' REPORT

Your Directors present their Twelfth Report, together with the Audited Financial Statements of your Company, for the year ended 31<sup>st</sup> March 2016.

	For the year ended		(Amount in Million)	
	31 <sup>st</sup> March 2016		For the year ended	
	USD	INR	USD	INR
Total Income.....	5.65	376.59	6.08	403.02
Profit before depreciation & interest.....	0.33	21.79	0.28	20.53
Depreciation.....	0.25	16.39	0.25	16.43
Profit before interest.....	0.08	5.40	0.03	4.09
Interest.....	0.03	1.70	0.03	3.83
Profit for the year.....	0.05	3.70	0.00	0.26
Balance of profit for earlier years.....	4.21	279.03	4.86	322.55
Less: Dividend.....	0.33	21.90	0.66	43.79
Balance carried to Balance Sheet.....	3.93	260.83	4.21	279.03

### DIVIDEND

For the year ended 31<sup>st</sup> March, 2016, your directors recommend a final dividend of USD 192.50 (INR 12,772) per share on 1,000 shares of the face value of USD 550 (INR 36,493) each, fully paid up, aggregating USD 1,92,500 (INR 1,27,72,380). The said dividend will be paid to those shareholders whose names appear in the Register of Members as on 21<sup>st</sup> April, 2016, the Record Date fixed for this purpose.

### OPERATIONS

The total income of your Company for the year decreased to USD 5.65 million (INR 376.59 million) from USD 6.08 million (INR 380.71 million), a decrease of nearly 6%.

Profit for the year was USD 0.05 million (INR 3.70 million) as compared to USD 0.00 million (INR 0.25 million) in the previous year through improved cost efficiencies.

The transformer core line remained under-utilised during the year under review.

### OUTLOOK FOR THE CURRENT YEAR

The Company's performance during the current year is expected to remain modest in line with the continuing general economic slowdown in the middleeast region.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your directors state that:

- (i) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed;
- (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 at the end of the financial year on 31<sup>st</sup> March, 2016 and of the profit of the Company for the financial year ended on that date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have devised proper systems to ensure compliance with the provisions of applicable laws and that such systems were adequate and operating effectively.

### CODES OF CONDUCT

Your Company has adopted Codes of Conduct ('Codes') for its directors and senior management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year under review, received declarations under these Codes from members of the Board, and senior management and employees, affirming compliance with the respective Codes.

### AUDITORS

M/s KPMG, UAE, Auditors of your Company, have expressed their willingness to accept re-appointment for the financial year ending on 31<sup>st</sup> March, 2017.

Members are requested to re-appoint Auditors for the current year and fix their remuneration.

### ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

**For and on behalf of the Board**

**Sumit Issar**

Director

Dubai, April 21, 2016

## INDEPENDENT AUDITORS' REPORT

The Shareholders  
Mahindra MiddleEast Electrical Steel Service Centre (FZC)

### Report on the financial statements

We have audited the accompanying financial statements of Mahindra Middle East Electrical Steel Service Centre (FZC) ("the Company"), which comprise the statement of financial position as at 31<sup>st</sup> March 2016, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 31<sup>st</sup> March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Emphasis of a matter

Without qualifying our opinion above, as discussed in note 2(c) to the financial statements, we draw attention to the fact that the amounts presented in United Arab Emirates Dirham and Indian Rupees in the accompanying financial statements are supplementary information solely for the convenience of users. Such supplementary information does not form part of the audited financial statements. We have not audited this supplementary information and accordingly, we do not express an opinion on this supplementary information.

### Report on other legal and regulatory requirements

We further confirm that the financial statements comply, in all material respects, with the Implementing Regulations of Sharjah Airport International Free Zone Authority.

**For KPMG Lower Gulf Limited**

**Muhammad Tariq**  
*Partner*

Registration No: 793

Place: Sharjah  
Date: 21<sup>st</sup> APR 2016

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

				Unaudited Supplementary information (refer note 2 (c))			
	Note	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
		USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>ASSETS</b>							
Property, plant and equipment .....	4	32,69,681	35,16,844	1,19,99,725	21,69,43,335	1,29,06,815	23,33,42,600
<b>Non-current assets .....</b>		<b>32,69,681</b>	<b>35,16,844</b>	<b>1,19,99,725</b>	<b>21,69,43,335</b>	<b>1,29,06,815</b>	<b>23,33,42,600</b>
Inventories.....	5	14,15,718	5,47,177	51,95,686	9,39,32,889	20,08,139	3,63,05,194
Trade and other receivables .....	6	12,59,984	15,62,358	46,24,141	8,35,99,936	57,33,852	10,36,62,452
Prepayments .....	7	34,199	34,017	1,25,509	22,69,104	1,24,844	22,57,028
Cash and bank balances ..	8	11,38,124	61,429	41,76,915	7,55,14,528	2,25,444	40,75,814
Asset held for sale.....	9	2,262	16,349	8,300	1,50,084	60,000	10,84,756
<b>Current assets.....</b>		<b>38,50,287</b>	<b>22,21,330</b>	<b>1,41,30,551</b>	<b>25,54,66,541</b>	<b>81,52,279</b>	<b>14,73,85,244</b>
<b>Total assets.....</b>		<b>71,19,968</b>	<b>57,38,174</b>	<b>2,61,30,276</b>	<b>47,24,09,876</b>	<b>2,10,59,094</b>	<b>38,07,27,844</b>
<b>EQUITY</b>							
Share capital.....	10	5,50,000	5,50,000	20,18,500	3,64,92,500	20,18,500	3,64,92,500
Retained earnings.....		39,31,137	42,05,384	1,44,27,277	26,08,30,940	1,54,33,759	27,90,27,227
Statutory reserves.....		2,75,063	2,75,063	10,09,481	1,82,50,430	10,09,481	1,82,50,430
<b>Total equity</b>		<b>47,56,200</b>	<b>50,30,447</b>	<b>1,74,55,258</b>	<b>31,55,73,870</b>	<b>1,84,61,740</b>	<b>33,37,70,157</b>
<b>LIABILITIES</b>							
Employee benefits.....		34,488	36,255	1,26,571	22,88,279	1,33,056	24,05,519
<b>Non-current liabilities.....</b>		<b>34,488</b>	<b>36,255</b>	<b>1,26,571</b>	<b>22,88,279</b>	<b>1,33,056</b>	<b>24,05,519</b>
Trade and other payables	11	23,29,280	6,71,472	85,48,447	15,45,47,727	24,64,298	4,45,52,168
<b>Current liabilities.....</b>		<b>23,29,280</b>	<b>6,71,472</b>	<b>85,48,447</b>	<b>15,45,47,727</b>	<b>24,64,298</b>	<b>4,45,52,168</b>
<b>Total liabilities.....</b>		<b>23,63,768</b>	<b>7,07,727</b>	<b>86,75,018</b>	<b>15,68,36,006</b>	<b>25,97,354</b>	<b>4,69,57,687</b>
<b>Total equity and liabilities</b>		<b>71,19,968</b>	<b>57,38,174</b>	<b>2,61,30,276</b>	<b>47,24,09,876</b>	<b>2,10,59,094</b>	<b>38,07,27,844</b>

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out herein.

The Board of Directors has authorised the issue of these financial statements on 21 April 2016.

Sumit Issar

Kazuhiro Koshikawa

} Directors

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

	Note	Unaudited Supplementary information (refer note 2 (c))					
		31 March 2016	31 March 2015	31 March 2016		31 March 2015	
		USD	USD	Dhs.	Rs.	Dhs.	Rs.
Revenue .....	12	56,55,242	60,59,827	2,07,54,737	37,52,25,307	2,22,39,565	40,20,69,522
Cost of sales .....	13.1	(52,22,826)	(56,32,343)	(1,91,67,767)	(34,65,34,505)	(2,06,70,698)	(37,37,05,958)
<b>Gross profit</b> .....		<b>4,32,416</b>	<b>4,27,484</b>	<b>15,86,970</b>	<b>2,86,90,802</b>	<b>15,68,867</b>	<b>2,83,63,564</b>
Other income .....	14	20,498	14,350	75,227	13,60,042	52,664	9,52,123
Selling and distribution expenses .....		(87,260)	(90,114)	(3,20,245)	(57,89,701)	(3,30,717)	(59,79,064)
Administrative and general expenses .....	13.2	(2,84,352)	(2,90,011)	(10,43,571)	(1,88,66,754)	(10,64,340)	(1,92,42,230)
<b>Operating profit</b> .....		<b>81,302</b>	<b>61,709</b>	<b>2,98,381</b>	<b>53,94,389</b>	<b>2,26,474</b>	<b>40,94,393</b>
Finance income .....		2,231	3,584	8,189	1,48,027	13,155	2,37,798
Finance cost .....	15	(27,780)	(61,332)	(1,01,952)	(18,43,203)	(2,25,089)	(40,69,379)
<b>Net Finance costs</b> .....		<b>(25,549)</b>	<b>(57,748)</b>	<b>(93,763)</b>	<b>(16,95,176)</b>	<b>(2,11,934)</b>	<b>(38,31,581)</b>
<b>Profit for the year</b> .....		<b>55,753</b>	<b>3,961</b>	<b>2,04,618</b>	<b>36,99,213</b>	<b>14,540</b>	<b>2,62,812</b>
Other comprehensive income .....		-	-	-	-	-	-
<b>Total comprehensive income for the year</b> .....		<b>55,753</b>	<b>3,961</b>	<b>204,618</b>	<b>3,699,213</b>	<b>14,540</b>	<b>262,812</b>

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 and 2.

The Board of Directors has authorised the issue of these financial statements on 21 April 2016.

Sumit Issar  
Kazuhiro Koshikawa

} Directors

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH**

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>Cash flows from operating activities:</b>						
Profit for the year .....	55,753	3,961	2,04,618	36,99,212	14,540	2,62,812
<b>Adjustments for:</b>						
Depreciation .....	2,47,163	2,47,687	9,07,090	1,63,99,265	9,09,012	1,64,34,032
Interest expenses .....	27,780	28,793	1,01,952	18,43,203	1,05,670	19,10,416
Interest income .....	(2,231)	(3,584)	(8,189)	(1,48,027)	(13,155)	(2,37,798)
Impairment loss on Asset held for sale .....	14,087	8,174	51,700	9,34,672	30,000	5,42,345
	<b>3,42,552</b>	<b>2,85,031</b>	<b>12,57,171</b>	<b>2,27,28,325</b>	<b>10,46,067</b>	<b>1,89,11,807</b>
<b>Changes in:</b>						
Inventories .....	(8,68,541)	3,22,364	(31,87,547)	(5,76,27,695)	11,83,076	2,13,88,851
Trade and other receivables .....	3,02,402	8,11,989	11,09,814	2,00,64,373	29,79,998	5,38,75,471
Prepayments .....	(182)	(13,881)	(665)	(12,076)	(50,944)	(9,21,004)
Trade and other payables .....	16,46,310	(17,29,722)	60,41,953	10,92,32,669	(63,48,078)	(11,47,67,055)
Employee benefit expenses .....	(1,767)	15,424	(6,485)	(1,17,240)	56,603	10,23,382
<b>Net cash from/(used in) operating activities .....</b>	<b>14,20,774</b>	<b>(3,08,795)</b>	<b>52,14,241</b>	<b>9,42,68,356</b>	<b>(11,33,278)</b>	<b>(2,04,88,548)</b>
<b>Investing activities:</b>						
Acquisition of property, plant and equipment .....	–	(25,613)	–	–	(94,000)	(16,99,423)
Interest received .....	2,203	3,584	8,086	1,46,169	13,155	2,37,798
<b>Net cash from/(used in) investing activities .....</b>	<b>2,203</b>	<b>(22,029)</b>	<b>8,086</b>	<b>1,46,169</b>	<b>(80,845)</b>	<b>(14,61,625)</b>
<b>Financing activities:</b>						
Interest paid .....	(16,282)	(38,455)	(59,756)	(10,80,311)	(1,41,131)	(25,51,489)
Dividends paid .....	(3,30,000)	(6,60,000)	(12,11,100)	(2,18,95,500)	(24,22,200)	(4,37,91,000)
<b>Net cash used in financing activities .....</b>	<b>(3,46,282)</b>	<b>(6,98,455)</b>	<b>(12,70,856)</b>	<b>(2,29,75,811)</b>	<b>(25,63,331)</b>	<b>(4,63,42,489)</b>
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<b>10,76,695</b>	<b>(10,29,279)</b>	<b>39,51,471</b>	<b>7,14,38,714</b>	<b>(37,77,454)</b>	<b>(6,82,92,662)</b>
<b>Cash and cash equivalents:</b>						
Cash and cash equivalents at the beginning of the year # Refer Note 8 .....	61,429	10,90,708	2,25,444	40,75,814	40,02,898	7,23,68,476
<b>Cash and cash equivalents at the end of the year # Refer Note 8 .....</b>	<b>11,38,124</b>	<b>61,429</b>	<b>41,76,915</b>	<b>7,55,14,528</b>	<b>2,25,444</b>	<b>40,75,814</b>
# Refer Note 8						
<b>Reconciliation of cash and cash equivalents with statement of financial position</b>						
Cash on hand .....	5,234	837	19,210	3,47,276	3,073	55,535
Bank balance in current accounts .....	10,57,594	60,592	38,81,370	7,01,71,362	2,22,371	40,20,279
Fixed deposit account with banks (with original maturity of 3 months or less)	75,296	–	2,76,335	49,95,890	–	–
<b>Total</b>	<b>11,38,124</b>	<b>61,429</b>	<b>41,76,915</b>	<b>7,55,14,528</b>	<b>2,25,444</b>	<b>40,75,814</b>

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 and 2.

The Board of Directors has authorised the issue of these financial statements on 21 April 2016.

Sumit Issar

Kazuhiro Koshikawa

} Directors

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH**

	Unaudited Supplementary information (refer note 2 (c))											
	Share capital USD	Retained earnings USD	Statutory reserve USD	Total equity USD	Share capital Dhs.	Share capital Rs.	Retained earnings Dhs.	Retained earnings Rs.	Statutory reserve Dhs.	Statutory reserve Rs.	Total equity Dhs.	Total equity Rs.
<b>Balance as at 1 April 2014</b> .....	5,50,000	48,61,423	2,75,063	56,86,486	20,18,500	3,64,92,500	1,78,41,419	32,25,55,416	10,09,481	1,82,50,430	2,08,69,400	37,72,98,346
<b>Total comprehensive income for the year</b>												
Profit for the year .....	-	3,961	-	3,961	-	-	14,540	2,62,811	-	-	14,540	2,62,811
Total other comprehensive income for the year .....	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b> .....	-	3,961	-	3,961	-	-	14,540	2,62,811	-	-	14,540	2,62,811
<b>Transactions with owners of the Company</b>												
<i>Contributions and distributions</i>												
Dividend declared and paid (Refer note 20) .....	-	(6,60,000)	-	(6,60,000)	-	-	(24,22,200)	(4,37,91,000)	-	-	(24,22,200)	(4,37,91,000)
<b>Balance as at 31 March 2015</b> .....	5,50,000	42,05,384	2,75,063	50,30,447	20,18,500	3,64,92,500	1,54,33,759	27,90,27,227	10,09,481	1,82,50,430	1,84,61,740	33,37,70,157
<b>Total comprehensive income for the year</b>												
Profit for the year .....	-	55,753	-	55,753	-	-	2,04,618	36,99,213	-	-	2,04,618	36,99,213
Total other comprehensive income for the year .....	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b> .....	-	55,753	-	55,753	-	-	2,04,618	36,99,213	-	-	2,04,618	36,99,213
<b>Transactions with owners of the Company</b>												
<i>Contributions and distributions</i>												
Dividend declared and paid (Refer note 20) .....	-	(3,30,000)	-	(3,30,000)	-	-	(12,11,100)	(2,18,95,500)	-	-	(12,11,100)	(2,18,95,500)
<b>Balance as at 31 March 2016</b> .....	5,50,000	39,31,137	2,75,063	47,56,200	20,18,500	3,64,92,500	1,44,27,277	26,08,30,940	10,09,481	1,82,50,430	1,74,55,258	31,55,73,870

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 and 2.

The Board of Directors has authorised the issue of these financial statements on 21 April 2016.

Sumit Issar  
Kazuhiro Koshikawa  
} Directors



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 1. REPORTING ENTITY

Mahindra MiddleEast Electrical Steel Service Centre (FZC), was incorporated and licensed on 8 August 2004 at Sharjah Airport International Free Zone, Sharjah (FZ) with limited liability in the United Arab Emirates (UAE). Subsequently, the Company has entered into an agreement for subscription of capital by Nippon Steel & Sumitomo Metal Corporation (NSSMC), Japan to reorganise the Company and manage it as a FZC. Consequent upon the induction of NSSMC as a shareholder, the status changed from Free Zone Establishment (FZE) to Free Zone Company (FZC) with limited liability with effect from 28 November 2005. The Company is engaged in processing of steel coils and supply of slit coils and laminations. The shareholding pattern as of 31 March 2016 is as follows:

Shareholders	Percentage
Mahindra Intertrade Limited	90%
Nippon Steel & Sumitomo Metal Corporation	10%

The ultimate holding Company is Mahindra & Mahindra Limited.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements have been prepared under the historical cost convention and comply with International Financial Reporting Standards issued by the International Accounting Standards Board and the rules and regulations of the Sharjah Airport International Free Zone Authority (SAIF Zone). The financials statements were authorised for issue by the Board of directors on 21 April 2016.

#### (b) Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency.

#### (c) Convenience translation

In addition to presenting the financial statements in USD, supplementary information in United Arab Emirates Dirham ("Dhs") and Indian Rupee ("Rs.") has been prepared for the convenience of users of the financials statements.

All amounts (including previous year information) are translated from USD to Dhs. and Rs. at the closing exchange rate at 31 March 2016 based on average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India of Dhs. 3.67 to USD 1 and Rs. 66.35 to USD 1 respectively.

#### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in every future period affected.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### (i) Impairment losses on trade receivables

The Company reviews its trade receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

##### (ii) Provision for obsolete and expired inventory

The Company reviews its inventory to assess loss on account of obsolescence and expiry on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the aging and past movement of the inventory.

##### (iii) Estimated useful lives of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are

expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

#### (e) Impairment losses on non-current assets

The Company classifies certain non-current assets as assets held for sale and records the carrying value of each asset at lower of its carrying value or its estimated fair value, less estimated costs. Impairment losses on initial classification as held-for-sale and subsequent losses on remeasurement is recognised in profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Property, plant and equipment and depreciation

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When part of an item of Property, plant and equipment have different useful lives, they are accounted for as separate item (major components) of Property, plant and equipment.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Factory Building	18 years
Plant and Machinery	20 years
Vehicles	5 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Computers	5 years

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Property, plant and equipment having value less than or equal to USD 136 [(Dhs. 500) (Rs. 9,024)] as on 31 March 2016] each, are fully depreciated in the year of acquisition. Depreciation methods, useful lives and residual values are re-assessed at the reporting date.

#### (b) Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowance for any obsolete or slow moving items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

##### Raw materials

The cost of raw materials includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation of the raw materials is determined on a weighted average cost basis.

##### Work in progress

The cost of work in progress includes cost of raw material and an appropriate share of production overheads based on normal operating capacity.

##### Finished goods

The cost of finished goods is arrived at on a weighted average cost basis and includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

#### (c) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and balance with banks in current accounts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### (d) Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually

in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Sale of services are recognised when services are rendered.

**(e) Finance income and finance costs**

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings and pre-shipment credit. Interest costs is recognised as it accrues in profit or loss, using the effective interest method.

**(f) Foreign currency transactions and balances**

Transactions in foreign currencies are translated to the functional currency ("USD") at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

**(g) Employee benefit**

Provision for gratuity is made for amounts payable under the labour law in force in Sharjah Airport International Free Zone, Sharjah (FZ), applicable to the employees' accumulated periods of service at the reporting date.

**(h) Assets held for sale**

Non current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at lower of their carrying amount and fair value less cost to sale. Impairment losses on initial classification as held for sale and subsequent gain / losses on measurement are recognized in profit and loss. Once classified as held for sale intangible assets and property plant and equipment are no longer amortized or depreciated.

**(i) Operating lease**

Leases in terms of which the substantial risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

**(j) Financial instruments**

*(i) Non-derivative financial assets*

The Company initially recognizes loans and receivables and deposits on the date they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in active markets. Such assets are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash and bank balances including fixed deposits with an original maturity of three months or less.

*(ii) Non-derivative financial liabilities*

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial liabilities of the Company comprise trade and other payables and due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

**(k) Impairment**

*Non-derivative financial assets*

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

*Financial assets measured at amortised cost*

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together with similar risk characteristics.

In assessing collective impairment, the Company uses relevant historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognized in profit or loss.

*Non-financial assets*

The carrying amount of the Company's non-financial assets, other than inventories, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(l) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 – (CONTINUED)**

**4. PROPERTY, PLANT AND EQUIPMENT**

Unaudited Supplementary information (refer note 2 (c))

Particulars	Factory Building		Plant and Machinery		Vehicles		Furniture and Fixtures		Office Equipment		Computers		Under Construction		Total				
	USD	Rs.	USD	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.			
<b>Cost:</b>																			
At 1 April 2014	6,41,164	40,59,776	36,962	2,33,074	4,25,41,231	1,48,99,376	26,93,66,137	1,35,651	24,52,429	76,853	13,89,435	12,379	2,23,799	19,812	3,58,224	90,000	16,27,101	1,75,87,145	31,79,58,356
Additions	-	18,801	-	6,812	-	69,000	12,47,446	-	25,000	4,51,976	-	-	-	-	-	-	-	94,000	16,99,422
Reclassification to assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2015	6,41,164	40,78,577	36,962	23,53,074	4,25,41,231	1,49,68,376	27,06,13,583	1,35,651	24,52,429	1,01,853	18,41,411	12,379	2,23,799	19,812	3,58,224	90,000	16,27,101	1,75,91,145	31,80,30,677
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification to assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2016	6,41,164	40,78,577	36,962	23,53,074	4,25,41,231	1,49,68,376	27,06,13,583	1,35,651	24,52,429	1,01,853	18,41,411	12,379	2,23,799	19,812	3,58,224	90,000	16,27,101	1,75,91,145	31,80,30,677
<b>Depreciation:</b>																			
At 1 April 2014	72,065	9,13,809	27,361	2,64,479	47,81,513	33,53,675	6,06,31,227	1,00,416	18,15,402	36,731	6,64,031	10,160	1,83,656	9,857	1,78,216	-	-	37,75,318	6,82,54,045
Depreciation for the year	35,620	2,03,974	4,354	2,843	23,63,387	7,48,581	1,35,33,675	15,980	2,88,888	10,434	1,88,633	761	13,734	2,530	45,715	-	-	9,09,012	1,64,34,032
Depreciation on Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2015	1,07,685	11,17,783	31,715	2,67,322	71,44,900	41,02,256	7,41,64,902	1,16,396	21,04,290	47,165	8,52,664	10,921	1,97,390	12,387	2,23,931	-	-	46,84,330	8,46,88,077
Depreciation for the year	35,620	2,04,084	4,158	2,410	23,63,387	7,48,987	1,35,40,973	15,260	2,75,863	8,845	1,59,904	742	13,403	2,530	45,715	-	-	9,07,090	1,63,99,265
At 31 March 2016	1,43,305	13,21,867	35,873	2,69,732	95,08,287	48,51,243	8,77,05,875	1,31,656	23,80,173	56,010	10,12,568	11,663	2,10,793	14,917	2,69,646	-	-	55,91,420	10,10,87,342
<b>Net Book Value:</b>																			
At 31 March 2016	4,97,859	27,56,710	1,089	12,492	3,30,32,944	1,01,17,133	18,29,07,708	3,995	72,256	45,843	8,28,843	716	13,006	4,895	88,578	-	-	1,19,98,725	21,69,43,335
At 31 March 2015	5,33,479	29,60,794	5,247	14,902	3,53,96,331	1,08,66,120	19,64,48,881	19,255	3,48,139	54,688	9,88,747	1,458	26,409	7,425	1,34,293	-	-	1,29,08,815	23,33,42,600

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 – (CONTINUED)**

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>5. INVENTORIES</b>						
Raw materials and consumables	10,59,538	4,07,797	38,88,506	7,03,00,346	14,96,615	2,70,57,331
Work in progress	77,128	33,588	2,83,058	51,17,443	1,23,268	22,28,564
Finished goods	2,79,052	1,05,792	10,24,122	1,85,15,100	3,88,256	70,19,299
	<b>14,15,718</b>	<b>5,47,177</b>	<b>51,95,686</b>	<b>9,39,32,889</b>	<b>20,08,139</b>	<b>3,63,05,194</b>

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>Statement of profit or loss:</b>						
Inventories recognised as an expense in cost of goods sold						
The above includes:						
– Inventories written off	15,225	-	55,875	1,010,179	-	-

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>6. TRADE AND OTHER RECEIVABLES</b>						
Trade receivables	12,29,019	15,40,739	45,10,499	8,15,45,408	56,54,512	10,22,28,031
Due from a related party (refer note 11)	444	-	1,629	29,459	-	-
Deposits	21,970	21,619	80,630	14,57,710	79,340	14,34,421
Interest receivable	28	-	103	1,858	-	-
Advance to suppliers	8,523	-	31,280	5,65,501	-	-
	<b>12,59,984</b>	<b>15,62,358</b>	<b>46,24,141</b>	<b>8,35,99,936</b>	<b>57,33,852</b>	<b>10,36,62,452</b>

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>7. PREPAYMENTS</b>						
Prepayments	34,199	34,017	1,25,509	22,69,104	1,24,844	22,57,028
	<b>34,199</b>	<b>34,017</b>	<b>1,25,509</b>	<b>22,69,104</b>	<b>1,24,844</b>	<b>22,57,028</b>

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>8. CASH AND BANK BALANCES</b>						
<b>Cash and cash equivalents</b>						
Cash on hand	5,234	837	19,210	3,47,276	3,073	55,535
Bank balance in current accounts	10,57,594	60,592	38,81,370	7,01,71,362	2,22,371	40,20,279
Fixed deposit account with banks (with original maturity of 3 months or less)	75,296	-	2,76,335	49,95,890	-	-
	<b>11,38,124</b>	<b>61,429</b>	<b>41,76,915</b>	<b>7,55,14,528</b>	<b>2,25,444</b>	<b>40,75,814</b>

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>9. ASSETS HELD FOR SALE</b>						
Property, plant and equipment	2,262	16,349	8,300	1,50,084	60,000	10,84,756
	<b>2,262</b>	<b>16,349</b>	<b>8,300</b>	<b>1,50,084</b>	<b>60,000</b>	<b>10,84,756</b>

**Fair value measurement**

The Company's management is responsible for performing the valuation of fair value measurement included in the financial statement, including level 3 fair values. The valuation process and results for non recurring measurement are reviewed and approved by the Plant Head in the year in which the measurement occurs. All level 3 valuation results are discussed with the Board of Directors as part of its yearly review of the Company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 – (CONTINUED)**

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>10. SHARE CAPITAL</b>						
<b>Authorized, issued and paid:</b>						
1,000 Shares of USD 550						
(Dhs. 2,019) (Rs. 33,033) each	<b>5,50,000</b>	<b>5,50,000</b>	<b>20,18,500</b>	<b>3,64,92,500</b>	<b>20,18,500</b>	<b>3,64,92,500</b>

[900 Shares of USD 550 (Dhs. 2,019) (Rs. 36,493) each held by Mahindra Intertrade Limited, which is a subsidiary of Mahindra & Mahindra Limited] [100 Shares of USD 550 (Dhs. 2,019) (Rs. 34,693) each held by Nippon Steel & Sumitomo Metal Corporation ], Japan.

Share capital	Ordinary Share	
	31 March 2016	31 March 2015
In issue at 1 April 2015	1,000	1,000
<b>In issue at 31 March 2016</b>	<b>1,000</b>	<b>1,000</b>

**Terms/rights attached to equity shares**

The Company has only one class of equity share having a par value of USD 550 per share. Each shareholder is entitled to one vote per share at general meetings of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>11. TRADE AND OTHER PAYABLES</b>						
Due to related party (refer note 11(i))	41,453	38,714	1,52,133	27,50,407	1,42,082	25,68,674
Trade payables	22,25,558	5,90,684	81,67,789	14,76,65,771	21,67,809	3,91,91,883
Accrued expenses	43,876	37,680	1,61,022	29,11,173	1,38,282	25,00,068
<b>Trade payables</b>	<b>23,10,887</b>	<b>6,67,078</b>	<b>84,80,944</b>	<b>15,33,27,351</b>	<b>24,48,173</b>	<b>4,42,60,625</b>
Interest payable	13,648	2,150	50,088	9,05,545	7,892	1,42,653
Other payables	2,903	1,236	10,654	1,92,614	4,537	82,009
Advance from customers	1,842	1,008	6,761	1,22,217	3,696	66,881
<b>Other payables</b>	<b>18,393</b>	<b>4,394</b>	<b>67,503</b>	<b>12,20,376</b>	<b>16,125</b>	<b>2,91,543</b>
	<b>23,29,280</b>	<b>6,71,472</b>	<b>85,48,447</b>	<b>15,45,47,727</b>	<b>24,64,298</b>	<b>4,45,52,168</b>

**RELATED PARTIES**

Management's policy is to conduct transactions with related parties on prices at mutually agreed terms.

List of related parties with whom the Company has transactions:

Mahindra Intertrade Limited - Joint Venture Partner  
 Mahindra Steel Service Centre Limited - Fellow subsidiary  
 Mahindra & Mahindra Limited-Ultimate holding company  
 Nippon Steel & Sumitomo Metal Corporation - Joint Venture Partner

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>Transactions with related parties</b>						
<b>Mahindra Intertrade Limited:</b>						
Reimbursements made	7,927	3,586	29,093	5,25,956	13,162	2,37,931
Reimbursements Received	581	-	2,133	38,549	-	-
Service charges paid*	1,42,069	1,42,710	5,21,393	94,26,278	5,23,746	94,68,809
Dividend paid	2,97,000	5,94,000	10,89,990	1,97,05,950	21,79,980	3,94,11,900

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 – (CONTINUED)**

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>Mahindra Steel Service Centre Limited:</b>						
Reimbursements of expense	5,894	–	21,631	3,91,067	–	–
Purchase of spare part	–	4,200	–	–	15,414	2,78,670
<b>Mahindra &amp; Mahindra Limited:</b>						
Reimbursements of expense	143	–	525	9,488	–	–
Professional fees	1,156	2,676	4,243	76,701	9,821	1,77,553
<b>Nippon Steel &amp; Sumitomo Metal Corporation (formerly known as Nippon Steel Corporation):</b>						
Dividend paid	33,000	66,000	1,21,110	21,89,550	2,42,220	43,79,100
* The managerial services are rendered by Joint Venture Partner - Mahindra Intertrade Limited and the same is paid as service charges.						
<b>Outstanding payable</b>	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
To Mahindra Intertrade Limited	35,559	36,038	1,30,496	23,59,340	1,32,261	23,91,121
To Mahindra Steel Service Centre Limited	5,894	–	21,631	3,91,067	–	–
To Mahindra & Mahindra Limited	–	2,676	–	–	9,821	1,77,553
	<b>41,453</b>	<b>38,714</b>	<b>1,52,127</b>	<b>27,50,407</b>	<b>1,42,082</b>	<b>25,68,674</b>
<b>Outstanding Receivable</b>	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
From Mahindra & Mahindra Limited	444	–	1,629	29,459	–	–
	<b>444</b>	<b>–</b>	<b>1,629</b>	<b>29,459</b>	<b>–</b>	<b>–</b>
<b>12. REVENUE</b>	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Sales of goods	55,84,599	59,78,773	2,04,95,478	37,05,38,144	2,19,42,097	39,66,91,589
Sales of services	70,643	81,054	2,59,259	46,87,163	2,97,468	53,77,933
	<b>56,55,242</b>	<b>60,59,827</b>	<b>2,07,54,737</b>	<b>37,52,25,307</b>	<b>2,22,39,565</b>	<b>40,20,69,522</b>
<b>13. EXPENSES BY NATURE</b>	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Changes in inventories of finished goods and work in progress	(1,73,260)	1,37,266	(6,35,866)	(1,14,95,801)	5,03,765	91,07,599
Raw materials and consumables used	47,71,752	47,86,186	1,75,12,329	31,66,05,745	1,75,65,303	31,75,63,441
Employee benefit expenses	2,68,168	3,28,014	9,84,175	1,77,92,947	12,03,810	2,17,63,729
Depreciation	2,47,163	2,47,687	9,07,090	1,63,99,265	9,09,012	1,64,34,033
Rent	91,625	91,625	3,36,264	60,79,319	3,36,264	60,79,319
Other expenses	24,635	49,659	90,409	16,34,532	1,82,249	32,94,874

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 – (CONTINUED)**

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Freight	87,260	90,114	3,20,245	57,89,701	3,30,717	59,79,064
Impairment loss on property, plant and equipment	14,087	8,174	51,700	9,34,672	30,000	5,42,345
Travelling and conveyance	11,692	4,720	42,908	7,75,764	17,322	3,13,172
Communication expenses	9,630	15,164	35,342	6,38,951	55,653	10,06,131
Audit fees (includes out of pocket expenses)	12,698	12,534	46,600	8,42,512	46,000	8,31,631
Repairs and maintenance	13,969	20,143	51,266	9,26,843	73,923	13,36,488
Insurance	12,215	15,949	44,829	8,10,465	58,532	10,58,216
Service charges	1,42,088	1,42,720	5,21,464	94,27,539	5,23,783	94,69,472
Bank charges	32,549	37,450	1,19,456	21,59,626	1,37,442	24,84,808
General expenses	28,167	25,063	1,03,372	18,68,880	91,980	16,62,930
	<b>55,94,438</b>	<b>60,12,468</b>	<b>2,05,31,583</b>	<b>37,11,90,960</b>	<b>2,20,65,755</b>	<b>39,89,27,252</b>

13.1. COST OF SALES	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Changes in inventories of finished goods and work in progress	(1,73,260)	1,37,266	(6,35,866)	(1,14,95,801)	5,03,765	91,07,599
Raw materials and consumables used	47,71,752	47,86,186	1,75,12,329	31,66,05,745	1,75,65,303	31,75,63,441
Employee benefit expenses	2,68,168	3,28,014	9,84,175	1,77,92,947	12,03,810	2,17,63,729
Depreciation on plant and machinery and building	2,39,906	2,39,593	8,80,456	1,59,17,763	8,79,307	1,58,96,996
Rent expenses	91,625	91,625	3,36,264	60,79,319	3,36,264	60,79,319
Other expenses	24,635	49,659	90,409	16,34,532	1,82,249	32,94,874
	<b>52,22,826</b>	<b>56,32,343</b>	<b>1,91,67,767</b>	<b>34,65,34,505</b>	<b>2,06,70,698</b>	<b>37,37,05,958</b>

13.2. ADMINISTRATIVE AND GENERAL EXPENSES	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Impairment loss on property, plant and equipment	14,087	8,174	51,700	9,34,672	30,000	5,42,345
Travelling and conveyance	11,692	4,720	42,908	7,75,764	17,322	3,13,172
Communication expenses	9,630	15,164	35,342	6,38,951	55,653	10,06,131
Audit fees (includes out of pocket expenses)	12,698	12,534	46,600	8,42,512	46,000	8,31,631
Repairs and maintenance	13,969	20,143	51,266	9,26,843	73,923	13,36,488
Depreciation on others	7,257	8,094	26,634	4,81,502	29,705	5,37,037
Insurance	12,215	15,949	44,829	8,10,465	58,532	10,58,216
Service charges	1,42,088	1,42,720	5,21,464	94,27,539	5,23,783	94,69,472
Bank charges	32,549	37,450	1,19,456	21,59,626	1,37,442	24,84,808
General expenses	28,167	25,063	1,03,372	18,68,880	91,980	16,62,930
	<b>2,84,352</b>	<b>2,90,011</b>	<b>10,43,571</b>	<b>1,88,66,754</b>	<b>10,64,340</b>	<b>1,92,42,230</b>

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 – (CONTINUED)**

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>14. OTHER INCOME</b>						
Insurance claim received	2,621	9,351	9,619	1,73,903	34,319	6,20,439
Other miscellaneous income	17,877	4,999	65,608	11,86,139	18,345	3,31,684
	<b>20,498</b>	<b>14,350</b>	<b>75,227</b>	<b>13,60,042</b>	<b>52,664</b>	<b>9,52,123</b>
<b>15. FINANCE COST</b>						
Interest expenses	27,780	28,793	1,01,952	18,43,203	1,05,670	19,10,416
Exchange loss (net)	–	32,539	–	–	1,19,419	21,58,963
	<b>27,780</b>	<b>61,332</b>	<b>1,01,952</b>	<b>18,43,203</b>	<b>2,25,089</b>	<b>40,69,379</b>

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>16. CONTINGENT LIABILITIES AND COMMITMENTS</b>						
Letters of credit	25,24,727	13,69,381	92,65,748	16,75,15,636	50,25,630	9,08,58,429
	<b>25,24,727</b>	<b>13,69,381</b>	<b>92,65,748</b>	<b>16,75,15,636</b>	<b>50,25,630</b>	<b>9,08,58,429</b>

**17. STATUTORY RESERVE**

According to the articles of association of the Company, 10% of the net profit for each year is required to be transferred to a statutory reserve. The management may resolve to discontinue such annual transfers when the reserve reaches 50% of the paid up share capital. The reserve is not available for distribution. No appropriations to the statutory reserve have been made out of current year profits (2016: Nil) as the statutory reserve has accumulated to 50% of the paid up share capital.

**18. LEASES**

The Company has entered into operating lease arrangements for the custom built warehouse, the significant terms and conditions of which are as under:

The tenure of the lease agreement is generally for a period of 7 to 25 years, renewable thereafter for another equal term.

The future minimum lease payments under non-cancellable lease are as follow:

- Less than one year: USD 85,220 (2015: USD 85,220) [2016:(Dhs. 312,757) (Rs. 5,654,347)] [2015: (Dhs. 312,843) (Rs. 5,654,347)]
- Between one and five years: USD 340,880 (2015: 340,880) [2016: (Dhs. 1,251,030) (Rs. 22,617,388)] [2015: (Dhs. 1,251,030) (Rs. 22,617,388)]
- Above five years: USD 766,980 (2015: 852,200) [2016: (Dhs. 2,814,817) (Rs. 50,899,123)] [2015: (Dhs. 3,127,574) (Rs. 56,543,470)]

During the year an amount of USD 85,220 (2015: USD 85,220) [2016: (Dhs. 312,757) (Rs. 5,654,347)] [2015: (Dhs. 312,843) (Rs. 5,654,347)] was recognised as an expense in profit or loss in respect of operating leases.

**19. FINANCIAL INSTRUMENTS**
**Overview**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**Credit risk**

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to cash at bank and trade and other receivables.

**Trade receivables**

The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The collective loss allowance is determined taking into consideration the current economic factors.

**Cash at bank**

The company's cash is placed with national and international banks of good repute.



**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 – (CONTINUED)**
**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Trade receivables	12,29,019	15,40,739	45,10,499	8,15,45,408	56,54,512	10,22,28,031
Other receivables	22,442	21,619	82,362	14,89,027	79,340	14,34,421
Cash at banks	11,32,890	60,592	41,57,705	7,51,67,252	2,22,371	40,20,279
	<b>23,84,351</b>	<b>16,22,950</b>	<b>87,50,566</b>	<b>15,82,01,687</b>	<b>59,56,223</b>	<b>10,76,82,731</b>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Other GCC countries	12,29,019	15,40,739	45,10,499	8,15,45,408	56,54,512	10,22,28,031
	<b>12,29,019</b>	<b>15,40,739</b>	<b>45,10,499</b>	<b>8,15,45,408</b>	<b>56,54,512</b>	<b>10,22,28,031</b>

The age of trade receivables at the reporting date was:

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Not past due	8,57,619	10,61,673	31,47,463	5,69,03,018	38,96,339	7,04,42,004
Past due 0-180 days	3,68,965	4,78,850	13,54,100	2,44,80,828	17,57,380	3,17,71,695
Past due more than 180 days	2,435	216	8,936	1,61,562	793	14,332
	<b>12,29,019</b>	<b>15,40,739</b>	<b>45,10,499</b>	<b>8,15,45,408</b>	<b>56,54,512</b>	<b>10,22,28,031</b>

The allowance account in respect of trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the outstanding receivable is possible; at that point such amount is considered uncollectible and hence, written off.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to amounts due related parties, short term borrowings and trade and other payables. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of letter of credit facilities.

The following are the contractual maturities of financial liabilities (including estimated interest payments).

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>Carrying amount</b>						
Trade and other payables (Excluding advance)	22,85,985	6,31,750	83,89,553	15,16,75,103	23,18,520	4,19,16,613
Dues to related parties	41,453	38,714	1,52,133	27,50,407	1,42,082	25,68,674
<b>Contractual cash flows</b>						
Trade and other payables	22,85,985	6,31,750	83,89,553	15,16,75,103	23,18,520	4,19,16,613
Dues to related parties	41,453	38,714	1,52,133	27,50,407	1,42,082	25,68,674
<b>6 months or less</b>						
Trade and other payables	22,85,985	6,31,750	83,89,553	15,16,75,103	23,18,520	4,19,16,613
Dues to related parties	41,453	38,714	1,52,133	27,50,407	1,42,082	25,68,674

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 – (CONTINUED)**

Unaudited Supplementary information (refer note 2 (c))

	31 March 2016	31 March 2015	31 March 2016		31 March 2015	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
<b>More than 6 months</b>						
Trade and other payables	-	-	-	-	-	-
Dues to related parties	-	-	-	-	-	-

**Market risk**

*Currency risk*

Foreign exchange risk is limited since all significant transactions are either in USD or Dhs (which is currently fixed to USD).

*Interest risk*

The Company has placed fixed deposits / margin money in form of fixed deposits with banks at normal commercial rates.

Short term borrowings (Trust Receipts) carry interest at fixed rate linked to USD Libor.

Pre-shipment credit from foreign banks have been availed at fixed rate linked to USD Libor

**Fair value**

The fair values of the Company's financial instruments approximate their carrying values.

**Capital risk**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders.

**20. DIVIDEND**

The Board of Directors has declared and paid the final dividend for the year 2014-2015 at the rate of USD 330 (2014: USD 330) [2015: (Dhs. 1,211.10) (Rs. 21,895.50)] [2014: (Dhs. 1,211.10) (Rs. 21,895.50)] per share aggregating USD 330,000 (2014: USD 330,000) [2015: (Dhs. 1,211,100) (Rs. 21,895,500)] [2014: (Dhs. 1,211,100) (Rs. 21,895,500)] at its meeting held on 29 April 2015 which has been recognised as a distribution to its shareholders during the year ended 31 March 2016.

The Board of Directors has declared and paid an interim dividend for the year 2015-2016 NIL (2015: USD 330) [2016: (Dhs. NIL) (Rs. NIL)] [2015: (Dhs. 1,211.10) (Rs. 21,895.50)] aggregating USD NIL (2015: USD 330,000) [2016: (NIL) (Rs. NIL)] [2015: (Dhs. 1,211,100) (Rs. 21,895,500)]

The Board of Directors has declared the final dividend for the year 2015-2016 at the rate of USD 192.50 (2015: USD 330) [2016: (Dhs. 706.44) (Rs. 12,772.38)] [2015: (Dhs. 1,211.10) (Rs. 20,539.20)] per share aggregating USD 192,500 (2015: USD 330,000) [2016: (Dhs. 706,440) (Rs. 12,772,380)] [2015: (Dhs. 1,211,100) (Rs. 20,539,200)] at its meeting held on 21 April 2016 [2015: 24 April 2015] which has not been recognised as a distribution to its shareholders during the year 31 March 2016 [2015: 31 March 2015]

**21. NEW STANDARDS AND INTERPRETATIONS**

***New standards and interpretations not yet effective***

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements.

*(i) IFRS 9 Financial instruments (2010), IFRS 9 Financial instruments:*

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.

*(ii) IFRS 15 Revenue from Contracts with Customers:*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

*(iii) IFRS 16 Leases:*

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of comprehensive income. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

The effective date for adoption of IFRS 16 is annual periods beginning on or after January 1, 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers.

Management is in the process of assessing the impact of the new standards, amendments to standards on the financial statements of the Company.

**22. PRIOR YEAR COMPARATIVES**

Prior year's figures have been regrouped and rearranged wherever necessary to conform to current year's classification.

Sumit Issar  
Kazuhiro Koshikawa

} Directors

## DIRECTORS' REPORT

Your Directors present their third Report, together with the Audited Financial Statements of your Company for the year ended March 31, 2016.

### FINANCIAL HIGHLIGHTS AND COMPANY'S STATE OF AFFAIRS

	(Rs. in Lakhs)	
	For the year ended March 31, 2016	For the period ended March 31, 2015
Income	6,181.74	124.92
Profit/(Loss) before depreciation, interest and taxation	1,165.61	114.14
Less: depreciation	321.32	-
Profit/(Loss) before interest and taxation	844.29	114.14
Less: interest	244.65	1.26
Profit/(Loss) before tax	599.64	112.88
Less : Provision for taxation:		
Current tax	-	20.00
Deferred tax	(54.09)	-
Profit/(Loss) for the year after tax	653.73	92.88
Balance of profit of earlier years	20.13	(72.75)
Profit available for appropriation	673.86	20.13
Proposed dividend	34.25	-
Income-tax on proposed dividend	6.97	-
Balance carried to Balance Sheet	632.64	20.13
Net Worth	7,482.64	6,870.13

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

#### OPERATIONS

Your Company commenced production and commercial operations during the year under review from its plant at Chakan. The products were well received by the market. The company has earned an income of Rs. 6181.74 Lakhs as against Rs. 124.92 Lakhs in the previous year. The profit before tax for the year was Rs. 599.64 Lakhs as against Rs. 112.88 Lakhs in the previous year.

#### DIVIDEND

Your Directors recommend a dividend @ 0.5% on its 6,85,00,000 fully paid-up equity shares of Rs. 10 each, at Rs. 0.05 per equity share, aggregating Rs. 34.25 Lakhs.

If approved by the shareholders at the ensuing Annual General Meeting, the above equity dividend will be paid to those equity shareholders whose names appear on the Register of Members as on the record date fixed for this purpose, i.e. June 24, 2016, the date of the Annual General Meeting of the Company.

Equity dividend for the year together with income tax thereon, will absorb a sum of Rs. 41.22 Lakhs against Rs. NIL paid for the previous year.

#### HUMAN RESOURCE

*Happy and enthused employees* is one of the strategic goals of your Company as reflected in its employee engagement interventions.

#### POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can

address their complaints. During the year, no complaints were received by the said Committee.

#### POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In line with the principles of transparency and consistency and upon the recommendation of the Nomination and Remuneration Committee your Board had approved:

- Policy on criteria for the appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and
- Policy for remuneration of Directors, Key Managerial Personnel and other Employees.

These policies are provided as **Annexure I** and forms part of this report.

#### INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is, in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of these controls. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors are invited to attend Audit Committee meetings.

#### RISK MANAGEMENT POLICY

Your Company has formulated a risk management policy which addresses risks which, in the opinion of the Board, may threaten the existence of the Company.

## SHARE CAPITAL

The authorised share capital of your Company as on March 31, 2016 stood at Rs. 76 crores divided into 7,60,00,000 equity shares of Rs. 10/- each.

The paid-up share capital of your Company as on March 31, 2016 stood at Rs. 68.50 crores divided into 6,85,00,000 equity shares of Rs. 10/- each.

## BOARD OF DIRECTORS

### Composition:

Presently, the Board comprises of the following Directors:

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non-Independent Director
#Mr. Zhooben Bhiwandiwal (00110373)	Chairman	Non-Executive Director	Non-Independent Director
Mr. Rajeev Dubey (00104817)	Director	Non-Executive Director	Non-Independent Director
Mr. Hiroshi Tashiro (06868673)	Director	Non-Executive Director	Non-Independent Director
§Mr. Kuo Yi-Jen (06848718)	Director	Non-Executive Director	Non-Independent Director
Mr. P. R. Barpande (00016214)	Director	Non-Executive Director	Independent Director
Ms. Smita Mankad (02009838)	Director	Non-Executive Director	Independent Director
Mr. Sumit Issar (06951249)	Additional Director	Non-Executive Director	Non-Independent Director

# Mr. Zhooben Bhiwandiwal, was appointed as the Chairman of the Board w.e.f January 21, 2016.

§ Mr. Kuo Yi-Jen ceased to be the Alternate Director of the Company w.e.f June 30, 2015, consequent upon the cessation of directorship of Mr. Wang Chia- Tang, w.e.f June 30, 2015.

Mr. Kuo Yi-Jen was appointed as an additional Director of the Company w.e.f June 30, 2015 and was appointed as the Director of the Company at the Annual General Meeting of the Company held on July 28, 2015.

Mr. Harsh Kumar (DIN: 00082621) ceased to be a Director with effect from October 1, 2015.

The Board places on record its sincere appreciation for the valuable guidance provided by Mr. Harsh Kumar and Mr. Wang Chia- Tang during their tenure as director of the Company.

Subsequently, Mr. Sumit Issar (DIN: 06951249) was appointed as an additional Director with effect from October 1, 2015.

The Company has received notice pursuant to Section 160 of the Companies Act, 2013, alongwith the necessary deposit, proposing the candidature of Mr. Sumit Issar, as the Director at the ensuing Annual General Meeting of the Company.

Mr. Zhooben Bhiwandiwal and Mr. Kuo Yi-Jen retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

All directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as directors.

Mr. P. R. Barpande and Ms. Smita Mankad, Independent directors who in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

Your directors have wide experience in business related to trading, finance and general corporate management.

### Board Meetings and Annual General Meeting:

The Board met five times during the year under review, i.e. on April 29, 2015, July 28, 2015, October 27, 2015, January 21, 2016 and March 18, 2016. The gap between two consecutive Board Meetings did not exceed 120 days. The 2<sup>nd</sup> Annual General Meeting of the Company was held on July 28, 2015.

The attendance of the Directors at the Board Meetings of the Company were as under:-

Name of the Director	No. of Board Meetings attended
Mr. Zhooben Bhiwandiwal	4
#Mr. Harsh Kumar	2
§Mr. Sumit Issar	3
Mr. Rajeev Dubey	3
Mr. Hiroshi Tashiro	5
Mr. Kuo Yi-Jen	5
Ms. Smita Mankad	5
Mr. P. R. Barpande	5

# ceased as the Managing Director of the Company w.e.f October 1, 2015.

§ appointed as the Managing Director of the Company w.e.f. October 1, 2015.

### Meeting of Independent Directors

The Independent Directors of the Company met on December 7, 2015 without the presence of the Non-Executive Directors, the Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to inter alia, review performance of Non-Independent Directors and the Board as a whole (taking into account the views of the Non-Executive Directors), assess the quality, quantity and timeliness of

flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**Evaluation of performance:**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board’s functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

**DIRECTORS’ RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your directors, based on representation from operating management and after due enquiry confirm that:

- (a) in the preparation of the annual accounts for the year ended March 31, 2016 the applicable accounting standards have been followed;
- (b) 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 at the end of the financial year on March 31, 2016 and of the profit of the Company for the financial year ended on that date;
- (c) they have taken proper and sufficient care 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) they have prepared annual accounts on a going concern basis; and
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**CODES OF CONDUCT**

Your Company has adopted Codes of Conduct for its Directors, Senior Management Personnel and Employees (“the Codes”). These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and always be an integral part of the Company’s ethos.

Your Company has for the year under review, received declarations from members of the Board, Senior Management Personnel and Employees affirming compliance with the respective Codes.

**COMMITTEES OF THE BOARD**

**Audit Committee**

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee of the Company comprised of the following:

Name of the Director	Designation
#Mr. Zhooben Bhiwandiwala	Chairman
Mr. P. R. Barpande	Member
Ms. Smita Mankad	Member

# Mr. Zhooben Bhiwandiwala was appointed as the Chairman of the Audit Committee w.e.f. January 21, 2016.

The Audit Committee met four times during year, i.e. on April 29, 2015, July 28, 2015, October 27, 2015 and January 21, 2016.

The attendance of the Directors at the Audit Committee Meetings of the Company were as under:-

Name of the Director	No. of Audit Committee Meetings attended
Mr. Zhooben Bhiwandiwala	4
Ms. Smita Mankad	4
Mr. P. R. Barpande	4

**Nomination and Remuneration Committee**

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee of the Company comprised of the following:

Name of the Director	Designation
*Mr. Rajeev Dubey	Chairman
# Mr. Kuo Yi-Jen	Member
Mr. P. R. Barpande	Member
Mr. Smita Mankad	Member

\* Mr. Rajeev Dubey was appointed as the Chairman of the Nomination and Remuneration Committee w.e.f January 21, 2016.

# The Committee was reconstituted upon the appointment of Mr. Kuo Yi-Jen as an additional director of the company and cessation of directorship of Mr. Wang Chia Tang as the director of the Company w.e.f June 30, 2015.

The Nomination and Remuneration Committee met four times during year under review, i.e. on April 29, 2015, July 28, 2015, October 27, 2015 and January 21, 2016.

The attendance of the Directors at the Nomination and Remuneration Committee Meetings of the Company were as under:-

Name of the Director	No. of Nomination and Remuneration Committee Meetings attended
Mr. Rajeev Dubey	3
Mr. Kuo Yi-Jen	3
Ms. Smita Mankad	4
Mr. P. R. Barpande	4

### Corporate Social Responsibility (CSR) Committee

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, the Board at its Meeting held on April 27, 2016, constituted the CSR Committee of the Board comprising of the following directors:

Name of the Director	Designation
Mr. Zhooben Bhiwandiwalla	Chairman
Mr. Sumit Issar	Member
Ms. Smita Mankad	Member

### KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

Name of the Key Managerial Personnel	Designation
Mr. Sanjay Somkumar (with effect from April 29, 2015)	Manager
# Ms. Jyoti Walunj (upto August 1, 2015)	Chief Financial Officer
Mr. Percy Mahernosh (with effect from August 1, 2015)	Chief Financial Officer
§ Mr. Abhishek Juvekar (upto January 9, 2016)	Company Secretary
Ms. Romali M. Malvankar (with effect from January 21, 2016)	Company Secretary

# Ms. Jyoti Walunj ceased to be associated with the Company with effect from August 1, 2015, post her move to the Agri vertical at Mahindra and Mahindra Limited.

§ Mr. Abhishek Juvekar tendered his resignation as Company Secretary of the Company with effect from January 9, 2016.

### STATUTORY AUDITORS

At the Second Annual General Meeting, the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration number 117365W) was ratified as Statutory Auditors of your Company for a period of five years. They hold office up to the conclusion of Sixth Annual General Meeting.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, members are requested to ratify the appointment of Statutory Auditors at the ensuing Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report does not contain any qualification, reservation or adverse remark.

### INTERNAL AUDITOR

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was appointed as the Internal Auditor of your Company for the year ended March 31, 2016. The Board at its meeting held on

April, 27, 2016 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the year ending March 31, 2017.

### SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Mehta & Mehta, a firm of Company Secretaries in practice, was appointed as the Secretarial Auditor of your Company for the financial year ended March 31, 2016.

A Secretarial Audit Report for the financial year ended March 31, 2016 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as **Annexure II** and forms part of this report.

Your Directors confirm that the Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### FRAUDS REPORTED BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

### STOCK APPRECIATION RIGHTS (SARS)

Your Company has formulated a Stock Appreciation Rights Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. Accordingly, 7037 SARs were granted by the Nomination and Remuneration Committee to eligible employees at its meeting held on January 21, 2016.

### PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/securities which are required to be reported under Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the ultimate Parent Company, Mahindra & Mahindra Limited.

### PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties during the year were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties referred to under Section 188(1) of the Companies Act, 2013 are furnished in Form AOC-2 as **Annexure III** and forms part of this report.

**EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2016 is enclosed as **Annexure IV** and forms part of this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014, are provided in **Annexure V** and forms part of this report.

**DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Being unlisted company, provisions of Rule 5 of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your company.

**GENERAL DISCLOSURE**

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- c) provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013
- d) No significant or material orders were passed by regulators or courts or tribunals which impact the Company's going concern status and operations in future.

**ACKNOWLEDGEMENTS**

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

**For and on behalf of the Board**

**Sumit Issar**  
Director

**Zhooben Bhiwandiwala**  
Director

Mumbai, April 27, 2016

## ANNEXURE I TO THE DIRECTORS' REPORT

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Auto Steel Private Limited (MASPL).

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (**KMP**) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD).
- (ii) Chief Financial Officer (CFO), and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (**NRC**) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

#### I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable :
  1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
  2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
  3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors.

- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through any Member of the Board, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

#### II. SUCCESSION PLANNING:

##### Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

##### Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

##### Senior Management Personnel:

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust talent pipeline.



The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

## **POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

### **Purpose**

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Auto Steel Private Limited (MASPL).

### **Policy Statement**

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

### **NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

### **Executive Directors/Managing Director/Manager**

The remuneration to Managing Director/Manager and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable) perquisites and fringe benefits as approved by the

Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

### **Key Managerial Personnel (KMPs)**

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience and responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### **Employees**

We follow a position and level based approach for compensation benchmarking with companies in the steel/ steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

## ANNEXURE II TO THE DIRECTORS' REPORT

**Form No. MR-3**

### **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and the Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,  
The Members,  
Mahindra Auto Steel Private Limited  
Mahindra Towers,  
P. K. Kurne Chowk, Worli,  
Mumbai – 400 018.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Auto Steel Private Limited** (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officer, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (during the year under review not applicable to the Company);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (during the year under review not applicable to the Company);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing (during the year under review not applicable to the Company);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company);
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015(during the year under review not applicable to the Company);
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (during the year under review not applicable to the Company);
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India(Share Based Employee Benefits) Regulations, 2014 (during the year under review not applicable to the Company);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (during the year under review not applicable to the Company);
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company);

We have examined compliance with the applicable clauses/regulations of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India;
- b) Equity Listing Agreement and Debt Listing Agreement entered with National Stock Exchange of India Ltd. and BSE Ltd. and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (during the year under review not applicable to the Company)

During the period under review, the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above.

As represented by the Company, there is/are no sector specific laws applicable to the Company.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Director that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meetings of the Board and any of its committee.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc. which are: -

1. The Articles of Association of the Company were altered on April 29, 2015 in accordance with the Joint Venture Agreement dated 15th November, 2013, between Mahindra Intertrade Limited, China Steel Global Trading Corporation, CSGT International Corporation and Mitsui & Co. (Asia Pacific) Pte. Ltd.

**For Mehta & Mehta,  
Company Secretaries  
(ICSI Unique Code P1996MH007500)**

**Dipti Mehta  
Partner  
FCS No: 3667  
CP No.: 3202**

Place : Mumbai  
Date : 27<sup>th</sup> April, 2016

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

## ANNEXURE A

To,  
**The Members,  
Mahindra Auto Steel Private Limited  
Mahindra Towers,  
P. K. Kurne Chowk, Worli,  
Mumbai – 400 018.**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Mehta & Mehta,  
Company Secretaries  
(ICSI Unique Code P1996MH007500)**

**Dipti Mehta  
Partner  
FCS No: 3667  
CP No.: 3202**

Place : Mumbai  
Date : 27<sup>th</sup> April, 2016

**ANNEXURE III TO THE DIRECTORS' REPORT****FORM NO. AOC-2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto **(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-	-	-	-	-	-	-	-	-

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Intertrade Limited (Holding Company)	Purchase of goods or materials	Recurring	1) Purchase of CR/HR/Coated steel at cost plus margin 2) Total value of transaction: Rs. 601.67 lakhs	Not applicable (Refer Note)	Nil
2	Mahindra Intertrade Limited (Holding Company)	Project management fees	Non-recurring	1) As per industry norms 2) Total transaction value: Rs. 214 lakhs	Not applicable (Refer Note)	Nil
3	Mahindra Logistics Limited (Fellow Subsidiary)	Port charges for import of machinery and freight charges	Non-recurring	1) As per Industry norms 2) Total transaction value: Rs. 43.09 lakhs	Not applicable (Refer Note)	Nil
4	Mahindra & Mahindra Limited (Ultimate Holding Company)	Sale of processed steel	Recurring	1) Sale of CR/HR Steel. 2) Payment terms – 15 days 3) Total value for transaction: Rs. 66.27 lakhs	Not applicable (Refer Note)	Nil
5	Mahindra & Mahindra Limited (Ultimate Holding Company)	Purchase of fixed assets	Non-recurring	1) Fair market value 2) Total transaction value: Rs. 18.15 lakhs	Not applicable (Refer Note)	Nil
6	Mahindra Vehicle Manufacturers Limited (Intermediate Holding Company w.e.f. January 18, 2016) (Fellow subsidiary upto January 17, 2016)	Sale of processed steel	Recurring	1) Sale of CR/HR Steel. 2) Payment terms – 15 days 3) Total value for transaction: Rs. 2472.54 lakhs	Not applicable (Refer Note)	Nil
7	Mahindra Intertrade Limited (Holding Company)	Sale of processed steel	Recurring	1) Sale of CR/HR Steel. 2) Payment terms – 15 days 3) Total value for transaction: Rs. 14.55 lakhs	Not applicable (Refer Note)	Nil
8	Mahindra Intertrade Limited (Holding Company)	Purchase for other support services	Recurring	1) Allocation of cost without any markup 2) Total transaction value: Rs. 24.86 lakhs	Not applicable (Refer Note)	Nil

Note: All these transactions are at arms length and are in the ordinary course of business. Accordingly, Board approval is not required as per the proviso to Sub section (1) of Section 188 of the Companies Act, 2013. Approval of Audit Committee has been taken in the meetings held April 29, 2015, July 28, 2015, October 27, 2015 and January 21, 2016.

**For and on behalf of the Board**

**Sumit Issar**  
Director

**Zhooben Bhiwandiwal**  
Director

Mumbai, April 27, 2016

## ANNEXURE IV TO THE DIRECTORS' REPORT

### Form No. MGT-9

#### Extract of Annual Return as on the financial year ended on March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)	:	U27100MH2013PTC250979
ii.	Registration Date	:	December 12, 2013
iii.	Name of the Company	:	Mahindra Auto Steel Private Limited
iv.	Category/Sub-Category of the Company	:	Company Limited by shares/Indian Non-Government Company
v.	Address of the Registered office and contact details	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: malvankar.romali@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	-

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Processing of Steel	24105	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U51900MH1978PLC020222	Holding Company	51.00	2 (46)
2	Mahindra Vehicle Manufacturers Ltd. (w.e.f. 18 <sup>th</sup> January, 2016)	U34100MH2007PLC171151	Intermediate Holding Company	-	2 (46)
3	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai – 400001	L65990MH1945PLC004558	Ultimate Holding Company	-	2 (46)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
(1) Indian	-	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	3,49,35,000	3,49,35,000	51	-	3,49,35,000	3,49,35,000	51	-	-
e) Bank/Fl	-	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):</b>	-	<b>3,49,35,000</b>	<b>3,49,35,000</b>	<b>51</b>	-	<b>3,49,35,000</b>	<b>3,49,35,000</b>	<b>51</b>	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Body Corp.	–	–	–	–	–	–	–	–	–
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
<b>Sub Total (A)(2):</b>	–	–	–	–	–	–	–	–	–
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	–	<b>3,49,35,000</b>	<b>3,49,35,000</b>	<b>51</b>	–	<b>3,49,35,000</b>	<b>3,49,35,000</b>	<b>51</b>	–
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Cent. Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-Total (B)(1):</b>	–	–	–	–	–	–	–	–	–
<b>2. Non-Institutions</b>									
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	3,35,65,000	3,35,65,000	49	–	3,35,65,000	3,35,65,000	49	–
b) Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-Total (B)(2):</b>	–	<b>3,35,65,000</b>	<b>3,35,65,000</b>	<b>49</b>	–	<b>3,35,65,000</b>	<b>3,35,65,000</b>	<b>49</b>	–
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	–	<b>3,35,65,000</b>	<b>3,35,65,000</b>	<b>49</b>	–	<b>3,35,65,000</b>	<b>3,35,65,000</b>	<b>49</b>	–
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	–	–	–	–	–	–	–	–	–
<b>Grand Total (A + B + C)</b>	–	<b>6,85,00,000</b>	<b>6,85,00,000</b>	<b>100</b>	–	<b>6,85,00,000</b>	<b>6,85,00,000</b>	<b>100</b>	–

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Intertrade Limited	3,49,34,998	51	–	3,49,34,998	51	–	–
	*Mr. Harsh Kumar (As Nominee of Mahindra Intertrade Limited)	1	–	–	1	–	–	–
	*Mr. Zhooben Bhiwandiwalla (As Nominee of Mahindra Intertrade Limited)	1	–	–	1	–	–	–
	<b>Total</b>	<b>3,49,35,000</b>	<b>51</b>	<b>–</b>	<b>3,49,35,000</b>	<b>51</b>	<b>–</b>	<b>–</b>

\* Held for Mahindra Intertrade Limited by its nominees to comply with the statutory provisions in respect of minimum number of members.

**(iii) Change in Promoters' Shareholding**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mahindra Intertrade Limited (including 2 equity shares held through its nominees)</b>				
	<b>At the beginning of the year</b>	3,49,35,000	51	3,49,35,000	51
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity /etc.)	–	–	–	–
	<b>At the End of the year</b>	<b>3,49,35,000</b>	<b>51</b>	<b>3,49,35,000</b>	<b>51</b>

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>CSGT International Corporation</b>				
	<b>At the beginning of the year</b>	1,67,82,500	24.5	1,67,82,500	24.5
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity /etc.)	–	–	–	–
	<b>At the End of the year</b>	<b>1,67,82,500</b>	<b>24.5</b>	<b>1,67,82,500</b>	<b>24.5</b>
2	<b>Mitsui &amp; Co. (Asia-Pacific) Pte. Ltd.</b>				
	<b>At the beginning of the year</b>	1,67,82,500	24.5	1,67,82,500	24.5
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity /etc.):	–	–	–	–
	<b>At the End of the year</b>	<b>1,67,82,500</b>	<b>24.5</b>	<b>1,67,82,500</b>	<b>24.5</b>



**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mr. Harsh Kumar (As Nominee of Mahindra Intertrade Limited)</b>				
	<b>At the beginning of the year</b>	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	<b>At the End of the year</b>	1	–	1	–
2	<b>Mr. Zoooben Bhiwandiwala (As Nominee of Mahindra Intertrade Limited)</b>				
	<b>At the beginning of the year</b>	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	<b>At the End of the year</b>	1	–	1	–

**V. INDEBTEDNESS:**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**
**(Rs. in Crores)**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	–	22.04	–	22.04
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	0.09	–	0.09
<b>Total (i+ii+iii)</b>	–	22.13	–	22.13
<b>Change in Indebtedness during the financial year</b>				
• Addition	–	25.38	–	25.38
• Reduction	–	(2.04)	–	(2.04)
<b>Net change</b>	–	23.34	–	23.34
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	–	45.12	–	45.12
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	0.35	–	0.35
<b>Total (i+ii+iii)</b>	–	45.47	–	45.47

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sanjay Somkumar (Manager)		
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	18.69		18.69
	b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.27		0.27
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–		–
2.	Stock Option	–		–
3.	Sweat Equity	–		–
4.	Commission			
	– as % of Profit	–		–
	– others, specify	–		–
5.	Others, please specify			
	SARs	1.80		1.80
	Contribution to Other Funds	0.94		0.94
	<b>Total (A)</b>	<b>21.70</b>		<b>21.70</b>
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

**B. Remuneration of other directors:**

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Ms. Smita Mankad	Mr. P. R. Barpande	
1.	Independent Directors			
	• Fee for attending board/committee meetings	1.60	1.60	3.20
	• Commission	2.75	2.75	5.50
	• Others, please specify	–	–	–
	<b>Total (1)</b>	<b>4.35</b>	<b>4.35</b>	<b>8.70</b>
2.	Other Non-Executive Directors			
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	<b>Total (2)</b>	–	–	–
	<b>Total (B)=(1+2)</b>	<b>4.35</b>	<b>4.35</b>	<b>8.70</b>
	<b>Total Managerial Remuneration</b>	–	–	<b>30.40</b>
	Overall Ceiling as per the Act	As per schedule V of the Companies Act, 2013		

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD**

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		CEO	Company Secretary	CFO		
		–	Mr. Abhishek Juvekar (upto January 9, 2016) Ms. Romali Malvankar (w.e.f. January 21, 2016)	Mr. Percy Mahernosh w.e.f August 1, 2015)	Ms. Jyoti Walunj (upto August 1, 2015)	
1.	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–	–
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission					
	– as % of Profit	–	–	–	–	–
	– others, specify...	–	–	–	–	–
5.	Others, please specify - Fees (allocation of expenses by Mahindra and Mahindra Limited)	–	3.00	–	–	3.00
	<b>Total</b>	–	<b>3.00</b>	–	–	<b>3.00</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>B. DIRECTORS</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Sumit Isar  
Director

Zhooben Bhiwandiwala  
Chairman

Mumbai, April 27, 2016

## ANNEXURE V TO THE DIRECTORS' REPORT

### PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

#### A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

Electricity Panel room requires a level of temperature to be maintained and in normal course Air Conditioner needs to be run on 24x7 basis. Two controllers have been fitted to two heavy duty Air Conditioners, which help conserve electricity when required temperature is maintained.

(b) the steps taken by the company for utilizing alternate sources of energy: **Nil**

(c) the capital investment on energy conservation equipments: **Nil**

#### B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Nil**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) the details of technology imported: **Nil**

(b) the year of import: **Nil**

(c) whether the technology been fully absorbed: **Nil**

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Nil**

iv) the expenditure incurred on Research and Development: **Nil**

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

	(Rs. in Lakhs)	
	For the Financial Year Ended March 31, 2016	For the Financial Year Ended March 31, 2015
Total Foreign Exchange Earned	<b>NIL</b>	NIL
Total Foreign Exchange Used	<b>167.31</b>	NIL

**For and on behalf of the Board**

**Zhooben Bhiwandiwala**  
Director

**Sumit Issar**  
Director

Mumbai, April 27, 2016

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
MAHINDRA AUTO STEEL PRIVATE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **MAHINDRA AUTO STEEL PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give

the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm's Registration No. 117365W)

**Uday M. Neogi**  
(Partner)  
(Membership No. 30235)

Mumbai, 27 April, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Mahindra Auto Steel Private Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Mahindra Auto Steel Private Limited (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm’s Registration No. 117365W)

**Uday M. Neogi**  
(Partner)  
(Membership No. 30235)

Mumbai, 27 April, 2016

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Mahindra Auto Steel Private Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us in respect of immovable property of land that has been taken on lease and buildings constructed thereon by the Company, disclosed as fixed asset in the financial statements, the lease agreement is in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31<sup>st</sup> March, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm’s Registration No. 117365W)

**Uday M. Neogi**  
(Partner)  
(Membership No. 30235)

Mumbai, 27 April, 2016

**BALANCE SHEET AS AT 31 MARCH, 2016**

Particulars	Note No.	As at	As at
		31 March, 2016 Amount (Rs.)	31 March, 2015 Amount (Rs.)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital.....	3	685,000,000	685,000,000
(b) Reserves and surplus.....	4	63,264,244	2,012,664
		<u>748,264,244</u>	<u>687,012,664</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings.....	5	413,684,411	220,391,989
(b) Long-term provisions .....	6	2,469,809	1,393,962
		<u>416,154,220</u>	<u>221,785,951</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings .....	7	37,497,905	–
(b) Trade payables.....	8		
(i) Total outstanding dues of micro enterprises and small enterprises.....		–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises .....		81,161,907	271,529
(c) Other current liabilities .....	9	59,941,204	82,771,494
(d) Short-term provisions .....	10	4,723,549	247,961
		<u>183,324,565</u>	<u>83,290,984</u>
<b>TOTAL.....</b>		<b><u>1,347,743,029</u></b>	<b><u>992,089,599</u></b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets.....	11	949,054,919	228,800,096
(ii) Capital work-in-progress.....		–	557,451,578
		<u>949,054,919</u>	<u>786,251,674</u>
(b) Deferred tax assets (net).....	35	5,408,858	–
(c) Long-term loans and advances.....	12	14,803,114	8,983,296
		<u>969,266,891</u>	<u>795,234,970</u>
<b>2 Current assets</b>			
(a) Current investments .....	13	4,700,000	80,000,000
(b) Inventories .....	14	156,784,899	–
(c) Trade receivables .....	15	125,695,377	–
(d) Cash and cash equivalents .....	16	9,480	51,338,491
(e) Short-term loans and advances.....	17	75,133,207	62,797,988
(f) Other current assets.....	18	16,153,175	2,718,150
		<u>378,476,138</u>	<u>196,854,629</u>
<b>TOTAL.....</b>		<b><u>1,347,743,029</u></b>	<b><u>992,089,599</u></b>

See accompanying notes forming part of the financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells**  
 Chartered Accountants

**Percy Mahernosh**  
 Chief Financial Officer

**Uday M. Neogi**  
 Partner

**Romali Malvankar**  
 Company Secretary

Place: Mumbai  
 Date: 27 April, 2016

For and on behalf of the Board of Directors

**Zhooben Bhiwandiwala**  
**Rajeev Dubey**  
**Sumit Issar**  
**P. R. Barpande**

Directors

Place: Mumbai  
 Date: 27 April, 2016



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

Particulars	Note No.	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
		Amount (Rs.)		Amount (Rs.)	
1 Revenue from operations (gross) .....	19	694,266,193		–	
Less: Excise duty.....		(78,490,512)		–	
Revenue from operations (net) .....		615,775,681		–	
2 Other Income .....	20	2,398,705		12,491,587	
<b>3 Total revenue (1+2) .....</b>		<b>618,174,386</b>		<b>12,491,587</b>	
<b>4 Expenses</b>					
(a) Cost of materials consumed.....	21(a)	508,081,871		–	
(b) Changes in inventories of finished goods.....	21(b)	(51,645,764)		–	
(c) Employee benefits expense.....	22	12,483,363		–	
(d) Finance costs .....	23	24,464,710		125,831	
(e) Depreciation and amortisation expense .....	11	32,770,173	2,453,600		
Less: Capitalised .....		(638,424)	(2,453,600)		–
(f) Other expenses .....	24	32,693,485		1,077,836	
<b>Total Expenses .....</b>		<b>558,209,414</b>		<b>1,203,667</b>	
<b>5 Profit before tax (3-4) .....</b>		<b>59,964,972</b>		<b>11,287,920</b>	
<b>6 Tax expense</b>					
(a) Current tax expense .....		11,953,000		2,000,000	
(b) Less: MAT credit.....		(11,953,000)		–	
(c) Net current tax .....		–		2,000,000	
(d) Deferred tax .....	35	(5,408,858)		–	
Net tax expense .....		(5,408,858)		2,000,000	
<b>7 Profit after tax (5-6) .....</b>		<b>65,373,830</b>		<b>9,287,920</b>	
<b>8 Earnings per equity share (of Rs. 10/- each) .....</b>	34				
Basic/Diluted .....		0.95		0.22	

See accompanying notes forming part of the financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Percy Mahernosh**  
Chief Financial Officer

**Uday M. Neogi**  
Partner

**Romali Malvankar**  
Company Secretary

Place: Mumbai  
Date: 27 April, 2016

For and on behalf of the Board of Directors

**Zhooben Bhiwandiwala**  
**Rajeev Dubey**  
**Sumit Issar**  
**P. R. Barpande**

Directors

Place: Mumbai  
Date: 27 April, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	For the year ended 31 March, 2016 Amount (Rs.)	For the period ended 31 March, 2015 Amount (Rs.)
<b>A. Cash flow from operating activities</b>		
Profit before tax for the year .....	59,964,972	11,287,920
<i>Adjustments for:</i>		
Depreciation and amortisation expense.....	32,131,749	-
Share issue expenses.....	-	684,900
Finance costs.....	24,464,710	125,831
Interest income.....	(181,849)	(6,257,758)
Dividend income.....	(2,065,582)	(6,233,829)
Gain on sale of current investments.....	(151,274)	-
Operating profit/(loss) before working capital changes .....	114,162,726	(392,935)
<i>Changes in working capital:</i>		
Adjustment for (increase)/decrease in operating assets/liabilities .....		
Inventories.....	(156,784,899)	-
Trade receivables.....	(125,695,377)	-
Loans and advances and other current assets.....	(13,721,683)	(65,885,208)
Trade payables and other current liabilities .....	103,059,462	(1,166,519)
Long term and short term provisions.....	1,310,146	-
Cash generated from operations.....	(77,669,625)	(67,444,662)
Income tax paid.....	(12,034,961)	(1,940,776)
<b>Net cash flow used in operating activities (A) .....</b>	<b>(89,704,586)</b>	<b>(69,385,438)</b>
<b>B. Cash flow used in investing activities</b>		
Capital expenditure on fixed assets, including capital advances .....	(235,208,963)	(715,981,024)
Current investments not considered as Cash and cash equivalents:		
- Purchased.....	(1,739,100,000)	(3,800,100,000)
- Proceeds from sale .....	1,814,551,275	3,720,100,000
Interest received .....	509,178	5,930,429
Dividend received .....	2,065,582	6,233,829
<b>Net cash flow used in investing activities (B) .....</b>	<b>(157,182,928)</b>	<b>(783,816,767)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares.....	-	684,900,000
Proceeds from long term borrowings.....	179,726,604	220,391,989
Proceeds from short term borrowings.....	37,497,905	-
Inter corporate deposits taken.....	-	15,749,315
Inter corporate deposits repaid.....	-	(15,749,315)
Share issue expenses.....	-	(684,900)
Finance costs.....	(21,666,006)	(125,831)
<b>Net cash flow from financing activities (C) .....</b>	<b>195,558,503</b>	<b>904,481,258</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C) .....</b>	<b>(51,329,011)</b>	<b>51,279,053</b>
Cash and cash equivalents at beginning of the year (Refer note 16) .....	51,338,491	59,438
Cash and cash equivalents at end of the year (Refer note 16) .....	9,480	51,338,491
	(51,329,011)	51,279,053
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer note 16) .....	-	-
<b>Component of cash and cash equivalents</b>		
Cash on hand .....	2,523	-
with banks : In current accounts .....	6,957	1,338,491
In deposit accounts.....	-	50,000,000
	9,480	51,338,491

Note: The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'. See accompanying notes forming part of the financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Percy Mahernosh**  
Chief Financial Officer

For and on behalf of the Board of Directors

**Zhooben Bhiwandiwala**  
**Rajeev Dubey**  
**Sumit Issar**  
**P. R. Barpande**

Directors

**Uday M. Neogi**  
Partner

**Romali Malvankar**  
Company Secretary

Place: Mumbai  
Date: 27 April, 2016

Place: Mumbai  
Date: 27 April, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION:

Mahindra Auto Steel Private Limited ("the Company") is incorporated in India on 12 December, 2013 with authorised share capital of Rs. 760,000,000. The Company is a public company by virtue of proviso to Section 2(71) of the Companies Act, 2013 ("the 2013 Act") as it is a subsidiary of a public limited company. The Company's main object is manufacturing, processing and trading of non-ferrous/ferrous material including various grades of steel. The Company has commenced its manufacturing operations from 15 July, 2015.

### 2. SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY

#### 2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the 2013 Act. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

#### 2.2 Use of estimates:

The preparation of the financial statements in conformity with the Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

#### 2.3 Inventories:

Inventories are stated at cost or net realizable value, whichever is lower. Cost is arrived at on a weighted average method and includes, where appropriate cost of purchase, manufacturing overheads and excise duty.

#### 2.4 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.5 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.6 Fixed Assets:

- (a) Fixed Assets are stated at cost less accumulated depreciation/amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.
- (b)
  - (i) Leasehold land is amortized over the period of the lease.
  - (ii) Depreciation on other fixed assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of vehicles where the life has been assessed as five years and Blanking line (plant and equipment) where the life has been assessed as twenty years, based on technical advice taking into account the nature of asset, the estimated usage and operating condition of the asset.

#### Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

#### 2.7 Revenue Recognition:

Sale of products are recognized, when the significant risks and rewards of ownership are transferred to the Buyer. Sales include excise duty, but excludes sales tax and value added tax.

Sales of services are recognised when services are rendered.

#### 2.8 Other Income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

#### 2.9 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. All foreign currency monetary items outstanding at the year end (excluding long term liability) are translated at the relevant rates of exchange prevailing at the year end. Exchange differences arising on settlement/restatement of foreign currency monetary assets & liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss. In respect of forward exchange contracts, the premium or discount arising at the inception of such a contract is amortized as expense or income over the life of the contract.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing and acquisition of fixed assets are added to or subtracted from the cost of depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

#### 2.10 Investments:

Long term Investments are valued at cost less provision, if any, for decline other than temporary, in value of such investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

#### 2.11 Employee Benefits:

- (i) Defined Contribution Plan:  
Company's contributions paid/payable during the year to the provident fund, superannuation fund, Employee State Insurance Scheme and labour welfare fund are recognized in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.
- (ii) Defined Benefit Plan/Long Term Compensated Absences:  
Company's liability towards gratuity, compensated absence and post retirement medical benefit schemes are determined by independent actuary using the projected unit credit method at each balance sheet date. Past service cost are recognized on a straight-line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation as reduced by the fair value of scheme assets.

#### 2.12 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

#### 2.13 Taxes on income:

Tax expense consists of current tax and deferred tax. Current tax is determined as either (i) the amount of tax payable in respect of taxable income after considering usual allowances and disallowances under the Income-tax, 1961 or (ii) Minimum Alternate Tax for the year. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of the earlier years.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### 2.14 Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

### 2.15 Stock Appreciation Rights (SARs):

The compensation cost of SARs granted to employees is accounted by the Company using the intrinsic value method. The fair value of the equity shares is based on valuation obtained from an independent valuer. Difference between market value and face value of the equity shares, being the intrinsic value, is recognised as compensation cost over the vesting period.

### 2.16 Derivative contracts:

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations.

### Note 3 Share Capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of Shares	Amount (Rs.)	Number of Shares	Amount (Rs.)
<b>(a) Authorised</b>				
Equity Shares of Rs. 10 each	76,000,000	760,000,000	76,000,000	760,000,000
	<u>76,000,000</u>	<u>760,000,000</u>	<u>76,000,000</u>	<u>760,000,000</u>
<b>(b) Issued, subscribed and fully paid up</b>				
Equity Shares of Rs. 10 each	68,500,000	685,000,000	68,500,000	685,000,000
	<u>68,500,000</u>	<u>685,000,000</u>	<u>68,500,000</u>	<u>685,000,000</u>

### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended 31 March, 2016				
Number of shares	68,500,000	-	-	68,500,000
Amount (Rs.)	685,000,000	-	-	685,000,000
Year ended 31 March, 2015				
Number of shares	10,000	68,490,000	-	68,500,000
Amount (Rs.)	100,000	684,900,000	-	685,000,000

- (ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back since its incorporation (i.e. 12 December, 2013).

### Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/ more than sufficient to repay the whole of the paid up share capital, the losses/ excess shall be borne/ distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

### (iii) Details of shares held by the holding company:

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Number of Shares	Number of Shares
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	34,935,000	34,935,000

### (iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	34,935,000	51.00%	34,935,000	51.00%
CSGT International Corporation	16,782,500	24.50%	16,782,500	24.50%
Mitsui & Co. (Asia Pacific) Pte Ltd	16,782,500	24.50%	16,782,500	24.50%

### Note 4 Reserves and Surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	2,012,664	(7,275,256)
Add: Profit for the year	65,373,830	9,287,920
Less: Proposed dividend (Rs. 0.05 per equity share [2015: Nil])	3,425,000	-
Less: Tax on dividend	697,250	-
<b>Closing balance</b>	<u>63,264,244</u>	<u>2,012,664</u>

### Note 5 Long-term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Unsecured		
(a) Term loans from banks		
Rupee term loan (Refer Note i and iii)	150,000,000	-
(b) Other loans and advances		
Buyers credits (Refer Note ii and iii)	263,684,411	220,391,989
	<u>413,684,411</u>	<u>220,391,989</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note i: The Company has taken Rupee term loan of Rs. 150,000,000 (2015 : Rs. Nil) for capital expenditure at chakan plant from HDFC Bank Limited. The term loan is repayable in 16 quarterly installments commencing from June 2018 at the interest rate of 0.50% plus HDFC bank base rate (as at 31 March, 2016 9.80%).

	FY 2018	FY 2019	FY 2020	FY 2021
Q1	3,750,000	7,500,000	11,250,000	15,000,000
Q2	3,750,000	7,500,000	11,250,000	15,000,000
Q3	3,750,000	7,500,000	11,250,000	15,000,000
Q4	3,750,000	7,500,000	11,250,000	15,000,000
	<u>15,000,000</u>	<u>30,000,000</u>	<u>45,000,000</u>	<u>60,000,000</u>

Note ii : The Company has taken buyer's credit of Rs. 233,358,274 (2015 : Rs. 220,391,989) for machinery imported under sanction of LUT extended by HDFC Bank Limited. Interest payable at the rate of 8.10%.

The Company has taken buyer's credit of Rs. 30,326,137 (2015 : Nil) for machinery imported under sanction of LUT extended by HDFC Bank Limited. Interest payable at the rate of 8.60%.

The buyers credit may be refinanced by Rupee Term Loan after 3 years, which will be repaid as follows:

	FY 2020	FY 2021	FY 2022	FY 2023
Q1	7,500,000	15,000,000	22,500,000	30,000,000
Q2	7,500,000	15,000,000	22,500,000	30,000,000
Q3	7,500,000	15,000,000	22,500,000	23,684,411
Q4	7,500,000	15,000,000	22,500,000	-
	<u>30,000,000</u>	<u>60,000,000</u>	<u>90,000,000</u>	<u>83,684,411</u>

Note iii : To be secured by first pari passu charge on the moveable fixed assets of the Company, present and future. Further, the Company has agreed to negative lien on other fixed assets in favour of HDFC Bank Limited.

**Note 6 Long-term provisions**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
(a) Provision for employee benefits:		
(i) Provision for compensated absences	1,222,454	741,206
(ii) Provision for gratuity (net)	853,997	590,649
(iii) Provision for post retirement medical benefits	59,899	8,087
(iv) Provision for stock appreciation rights	333,459	54,020
	<u>2,469,809</u>	<u>1,393,962</u>

**Note 7 Short term borrowings**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Unsecured:		
Loan repayable on demand from Banks	37,497,905	-
	<u>37,497,905</u>	<u>-</u>

**Note 8 Trade Payables**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Trade Payables:		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer note 26)	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	81,161,907	271,529
	<u>81,161,907</u>	<u>271,529</u>

**Note 9 Other Current Liabilities**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
(a) Interest accrued but not due on borrowings	3,519,458	921,754
(b) Other payables -		
(i) Statutory remittances (contribution to provident fund and employee states insurance corporation, withholding taxes, excise duty, service tax, etc.	654,631	4,213,947
(ii) Value added tax payable	50,385,350	-
(iii) Payables on purchase of fixed assets	4,757,714	52,354,793
(iv) Advance from customers	324,051	-
(v) Payable to the Holding Company: Project management fees/ expenses incurred on behalf of the Company	-	25,281,000
(vi) Others deposits received	300,000	-
	<u>59,941,204</u>	<u>82,771,494</u>

**Note 10 Short-term provisions**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
(a) Provision for employee benefits:		
(i) Provision for compensated absences	180,678	105,116
(ii) Provision for gratuity (net)	-	33,606
(iii) Provision for stock appreciation rights	242,359	50,015
(b) Provision - Others:		
(i) Provision for tax (net of advance tax Rs. 13,975,737 (2015 : Rs. 1,940,776))	178,262	59,224
(ii) Provision for proposed equity dividend	3,425,000	-
(iii) Provision for tax on proposed dividend	697,250	-
	<u>4,723,549</u>	<u>247,961</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**Note 11 Fixed Assets**

Tangible Assets	Amount (Rs.)									
	Gross Block				Accumulated depreciation and amortisation				Net Block	
	Balance as at 1 April, 2015	Additions	Disposals	Balance as at 31 March, 2016	Balance as at 1 April, 2015	Depreciation/ amortisation expense for the year (Refer note 1)	Disposals	Balance as at 31 March, 2016	Balance as at 31 March, 2016	
Land – Leasehold	230,908,302	15,727,226	–	246,635,528	2,427,155	2,786,430	–	5,213,585	241,421,943	
	(–)	(230,908,302)	(–)	(230,908,302)	(–)	(2,427,155)	(–)	(2,427,155)	(228,481,147)	
Buildings	–	210,189,328	–	210,189,328	–	5,585,850	–	5,585,850	204,603,478	
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	
Electrical Installations	–	20,036,940	–	20,036,940	–	1,357,423	–	1,357,423	18,679,517	
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	
Plant and Equipment*	–	499,775,236	–	499,775,236	–	22,230,216	–	22,230,216	477,545,020	
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	
Furniture and Fixtures	–	1,759,685	–	1,759,685	–	112,048	–	112,048	1,647,637	
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	
Vehicles	325,000	2,971,237	–	3,296,237	25,659	395,726	–	421,385	2,874,852	
	(–)	(325,000)	(–)	(325,000)	(–)	(25,659)	(–)	(25,659)	(299,341)	
Office Equipment	–	1,518,943	–	1,518,943	–	163,452	–	163,452	1,355,491	
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	
Computers	20,394	1,046,401	–	1,066,795	786	139,028	–	139,814	926,981	
	(–)	(20,394)	(–)	(20,394)	(–)	(786)	(–)	(786)	(19,608)	
<b>Total</b>	<b>231,253,696</b>	<b>753,024,996</b>	<b>–</b>	<b>984,278,692</b>	<b>2,453,600</b>	<b>32,770,173</b>	<b>–</b>	<b>35,223,773</b>	<b>949,054,919</b>	
<b>Previous year</b>	<b>(–)</b>	<b>(231,253,696)</b>	<b>(–)</b>	<b>(231,253,696)</b>	<b>(–)</b>	<b>(2,453,600)</b>	<b>(–)</b>	<b>(2,453,600)</b>	<b>(228,800,096)</b>	

Note 1 : Includes depreciation/amortisation expense for the year Rs. 638,424/- (March 2015 : Rs. 2,453,600/-) which is capitalised.

\*Note 2: Additions to the gross block of Plant and equipment includes foreign exchange gain of Rs. 1,363,033.

Note 3: Figures in brackets are in respect of the previous year.

**Note 12 Long-term loans and advances**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Unsecured, considered good		
(a) Capital advances – related parties	–	2,457,851
– others	–	4,865,259
	–	7,323,110
(b) Security deposits	2,395,430	1,023,030
(c) Prepaid expenses	454,684	637,156
(d) MAT credit entitlement	11,953,000	–
	<b>14,803,114</b>	<b>8,983,296</b>

**Note 14 Inventories**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
(at lower of cost and net realisable value)		
(a) Raw materials [refer note 21(a)]	102,132,715	–
(b) Finished goods [refer note 21(b)]	51,645,764	–
(c) Stores and spares	3,006,420	–
	<b>156,784,899</b>	<b>–</b>

**Note 13 Current investments**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
At lower of cost and fair value		
Investment in mutual fund (Unquoted)		
(a) 113,893.84 (2015: Nil) units of Rs. 10 each in JM High Liquidity Fund-Growth	4,700,000	–
(b) Nil (2015: 52,915.407) units of Rs. 1,000 each in Taurus Liquid Fund-Existing Plan-Super Institutional-Growth	–	80,000,000
	<b>4,700,000</b>	<b>80,000,000</b>

**Note 15 Trade receivables**

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Outstanding for a period not exceeding six months from the date they are due for payment		
Unsecured, considered good	125,695,377	–
	<b>125,695,377</b>	<b>–</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 16 Cash and cash equivalents

Particulars	As at	As at	Particulars	For the	For the
	31 March, 2016	31 March, 2015		year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)		Amount (Rs.)	Amount (Rs.)
(a) Cash on hand	2,523	-	(i) Sale of products comprises:		
(b) Balances with banks:			Manufactured goods		
(i) In current accounts	6,957	1,338,491	- Steel products	677,344,347	-
(ii) In term deposit accounts	-	50,000,000	(ii) Sale of services comprises:		
	<u>9,480</u>	<u>51,338,491</u>	- Job work processing	1,302,940	-
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement is	9,480	51,338,491	(iii) Other operating revenues comprise:		
			- Scrap sales	15,618,906	-

### Note 17 Short-term loans and advances

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Unsecured, considered good		
(a) Prepaid expenses	1,051,092	630,425
(b) Deferred CENVAT credit	28,460,012	21,233,894
(c) Balances with government authorities:		
(i) CENVAT credit receivable	33,706,244	36,265,900
(ii) VAT credit receivable	2,656,464	2,656,895
(iii) Service Tax credit receivable	9,257,395	1,672,555
(d) Other loans and advances:		
- Advances to employee	2,000	10,000
- Recoverable from related parties	-	328,319
	<u>75,133,207</u>	<u>62,797,988</u>

### Note 20 Other income

Particulars	For the	For the
	year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
(a) Interest income:		
Interest of Fixed Deposits	181,849	6,257,758
(b) Dividend income:		
From current investments	2,065,582	6,233,829
(c) Other:		
Gain on sale of current investments	151,274	-
	<u>2,398,705</u>	<u>12,491,587</u>

### Note 18 Other current assets

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
(a) Interest accrued but not due on term deposits	-	327,329
(b) Defined contribution plan assets receivable in respect of employees transferred to the company	804,928	608,393
(c) Exchange difference recoverable under currency swap	15,348,247	1,782,428
	<u>16,153,175</u>	<u>2,718,150</u>

### Note 21(a) Cost of materials consumed

Particulars	For the	For the
	year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Opening Stock	-	-
Add: Purchases	610,214,586	-
	610,214,586	-
Less: Closing Stock	102,132,715	-
	<u>508,081,871</u>	<u>-</u>

### Note 19 Revenue from operations

Particulars	For the	For the	Details of Raw materials consumed	For the	For the
	year ended 31 March, 2016	year ended 31 March, 2015		year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)		Amount (Rs.)	Amount (Rs.)
Revenue from -			Steel	508,081,871	-
(a) Sale of products (Refer Note (i) below)	677,344,347	-			
(b) Sale of services (Refer Note (ii) below)	1,302,940	-			
(c) Other operating revenues (Refer Note (iii) below)	15,618,906	-			
	694,266,193	-	Details of closing stock of Raw materials		
Less: Excise duty	(78,490,512)	-	Steel	102,132,715	-
	<u>615,775,681</u>	<u>-</u>			

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 21(b) Changes in inventories of finished goods

Particulars	For the	For the
	year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Inventories at the end of the year:		
Finished goods	51,645,764	–
Inventories at the beginning of the year:		
Finished goods	–	–
(Increase) in Stock	<u>(51,645,764)</u>	<u>–</u>

Details of closing stock of Finished goods	For the	For the
	year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Finished goods		
Steel products	51,645,764	–

### Note 22 Employee Benefits Expense

Particulars	For the	For the
	year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
(a) Salaries and wages	12,018,648	5,744,644
(b) Stock appreciation rights scheme expenses (Refer note 37)	1,584,891	104,035
(c) Contribution to provident and other funds	394,001	105,232
(d) Gratuity expense [Refer note 31(ii)(b)]	336,088	22,859
(e) Post retirement medical benefit expense [Refer note 31(ii)(a)]	37,117	1,090
(f) Staff welfare	852,704	–
	<u>15,223,449</u>	<u>5,977,860</u>
Less: Capitalised	<u>(2,740,086)</u>	<u>(5,977,860)</u>
	<u>12,483,363</u>	<u>–</u>

### Note 23 Finance costs

Particulars	For the	For the
	year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
(a) Interest on :		
(i) Borrowings	29,015,996	1,047,585
(ii) Others		
Interest on income tax	201,000	–
(b) Other finance cost	341,616	–
	<u>29,558,612</u>	<u>1,047,585</u>
Less: Capitalised	<u>(5,093,902)</u>	<u>(921,754)</u>
	<u>24,464,710</u>	<u>125,831</u>

### Note 24 Other expenses

Particulars	For the	For the
	year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
(a) Stores and spares consumed	521,942	–
(b) Power and fuel	4,164,255	–
(c) Rates and taxes	844,183	4,398,472
(d) Excise duty (Refer note 36)	7,635,144	–
(e) Insurance	743,637	22,504
(f) Repairs and maintenance		
– Machinery	206,248	–
– Others	352,615	–
(g) Freight outward	3,779,825	–
(h) Management fees	2,486,112	–
(i) Payment to auditors [Refer note (i) below]	535,000	112,360
(j) Directors' fees	321,000	–
(k) Commission to Non whole time Directors	550,000	–
(l) Loss on foreign exchange transactions and translations	1,510,970	29,528,002
(m) Printing and stationery	353,267	15,124
(n) Legal and professional	3,250,843	477,977
(o) Travelling expenses	421,226	1,218,597
(p) Share issue expenses	–	684,900
(q) Bank charges	37,284	30,008
(r) Miscellaneous expenses	8,887,315	103,266
	<u>36,600,866</u>	<u>36,591,210</u>
Less- Capitalised	<u>(3,907,381)</u>	<u>(35,513,374)</u>
	<u>32,693,485</u>	<u>1,077,836</u>

### Note (i)

Particulars	For the	For the
	year ended 31 March, 2016	year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Auditors' remuneration includes payment to auditors (current year - excluding service tax)		
As statutory auditor	500,000	112,360
For certification work	35,000	–
	<u>535,000</u>	<u>112,360</u>

### Note 25 Commitments (to the extent not provided for)

Particulars	As at	As at
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	–	85,555,549

### Note 26 Micro small and medium enterprises

The identification of vendors as a "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006 has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

### Note 27 Derivative Instruments

The Company has entered into Foreign Exchange Contracts (being a derivative instrument), which are not intended for trading or speculative purposes, but for hedge purposes.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(i) The following are the outstanding Foreign Exchange Contracts entered into by the Company:

Particulars	Currency	As at 31 March, 2016		As at 31 March, 2015	
		Amount in Foreign Currency	Amount (Rs)	Amount in Foreign Currency	Amount (Rs)
Forward contract (payable on purchase of fixed assets)	EURO	–	–	411,365	28,145,593
Currency exchange/ interest rate swap (import of machinery)	USD	3,949,145	263,684,421	3,494,957	220,391,991

(ii) The year end foreign currency exposures that have not been hedged by a derivatives instrument or otherwise are given below.

Particulars	Currency	As at 31 March, 2016		As at 31 March, 2015	
		Amount in Foreign Currency	Amount (Rs)	Amount in Foreign Currency	Amount (Rs)
Plant and Machinery	USD	–	–	14,600	920,676
Spares parts	EURO	2,910	220,502	–	–

**Note 28 Value of imports calculated on CIF basis**

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Machinery	–	311,353,002
Spares	220,502	–
Raw materials	793,083	–

**Note 29 Expenditure in foreign currency**

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Installation charges on imported machinery	15,718,150	–

**Note 30 Details of consumption of imported and indigenous raw materials and spares**

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	Amount (Rs.)	%	Amount (Rs.)	%
(a) Raw material				
Import	793,083	0.20	–	–
Indigenous	507,288,788	99.80	–	–
	<u>508,081,871</u>	<u>100.00</u>	<u>–</u>	<u>–</u>
(b) Spares				
Import	220,502	42.25	–	–
Indigenous	301,441	57.75	–	–
	<u>521,942</u>	<u>100.00</u>	<u>–</u>	<u>–</u>

**Note 31 Employee Benefits**

Following are the relevant disclosures in pursuance of the Accounting Standard 15, "Employee Benefits".

i) The Company has recognized, in statement of profit and loss for the year, an amount of Rs. 394,001 (2015 : Rs. 105,232) pertaining to defined contribution plans.

Benefit (Contribution to)	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Provident Fund	238,505	59,955
Pension Fund	155,496	45,277
<b>Total</b>	<b>394,001</b>	<b>105,232</b>

ii) The Company operates defined benefit plans as follows:

- Unfunded – Post Retirement Medical Benefits
- Funded (2015 : Unfunded) – Post Retirement Gratuity

**a. Details of unfunded defined benefit obligations in respect of Post Retirement Medical Benefits are as follows:**

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Amount (Rs.)	Amount (Rs.)
<b>1. Reconciliation of opening and closing balances of obligation</b>		
a. Opening obligation	8,087	–
b. Current service cost	1,779	550
c. Interest cost	794	203
d. Actuarial loss	34,544	337
e. Benefits paid	–	–
f. Liabilities assumed on acquisition	14,695	6,997
g. Closing obligation	59,899	8,087
<b>2. Expected employer's contribution next year</b>	–	–
<b>3. Expense recognised in the year</b>		
a. Current service cost	1,779	550
b. Interest cost	794	203
c. Actuarial loss	34,544	337
d. Expenses recognized in the year	37,117	1,090
<b>4. Assumptions</b>		
a. Discount rate	8.00%	8.05%
b. Annual increase in healthcare cost	7%	7%
c. Normal retirement age	60	60
d. Attrition rate	8%	8%
e. Mortality	*Note	*Note

\* Note: Indian Assured Lives Mortality (2006-08)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. Effect of one percentage point change in the assumed medical inflation rate	One percentage point increase in medical inflation rates		One percentage point decrease in medical inflation rates	
	2016	2015	2016	2015
Effect on the aggregate service and interest cost of post employment medical benefits	3,241	665	(2,616)	(516)
Effect on the accumulated post employment medical benefit obligations	12,601	2,151	(10,173)	(1,655)

### 6. Experience adjustments

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Defined benefit obligation	59,899	8,087
Deficit	(59,899)	(8,087)
Experience adjustments on plan liabilities	33,988	337

### b. Details of Gratuity Plan are as follows:

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)

### 1. Reconciliation of opening and closing balances of obligation:

a. Opening obligation	624,255	-
b. Current service cost	167,933	38,788
c. Interest cost	80,059	17,178
d. Actuarial losses/(gain)	88,096	(33,107)
e. Benefits paid	-	-
f. Liabilities assumed on acquisition	181,840	601,396
g. Closing obligation	1,142,183	624,255

### 2. Reconciliation of opening and closing balances of plan assets:

a. Opening fair value of plan assets	-	-
b. Expected return on plan assets	-	-
c. Actuarial (loss)/gain	-	-
d. Benefits paid	-	-
e. Contribution by employer	288,186	-
f. Closing fair value of plan assets	288,186	-

### 3. Expected employer's contribution next year:

	88,103	33,606
--	--------	--------

### 4. Reconciliation of fair value of assets and obligations:

a. Present value of funded (2015: Unfunded) obligation as at the year end	1,142,183	624,255
b. Fair value of plan assets as at the year end	288,186	-
c. Amount recognised in the balance sheet – (assets)/liabilities	853,997	624,255

### 5. Expense recognised in the year:

a. Current service cost	167,933	38,788
b. Interest cost	80,059	17,178
c. Actuarial (gain)/loss	88,096	(33,107)
d. Expenses recognized in the year	336,088	22,859

### 6. Investment details:

a. Insurer (LIC) Managed funds*	100%	-
---------------------------------	------	---

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)

### 7. Assumptions:

a. Discount rate (per annum)	8.00%	8.05%
b. Estimated rate of return on plan assets (per annum)	7.50%	7.50%
c. Salary Growth Rate (per annum)	10%	10%
d. Normal retirement age	60	60
e. Attrition rate	8%	8%
f. Mortality Rate**	**Note	**Note

\*\*Note: Indian Assured Lives Mortality (2006-08)

### 8. Experience adjustments

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Defined benefit obligation	1,142,183	624,255
Deficit	1,142,183	624,255
Experience adjustments on plan liabilities	(88,096)	33,107

\*Due to absence of data provided by LIC, break-up of Plan assets (assets allocation) in insurer managed funds have not been furnished.

The discount rate is based on the prevailing market yields of Indian government securities as at balance sheet date for the estimated term of the obligation.

Basis used to determine the expected rate of return:

Based on expectation of the average long term rate of return on investment of the fund, during the estimated term of obligation.

The estimates of future salary increases take into account inflation, seniority, promotion and the other relevant factors.

### Note 32 Segment Reporting

The company has a single segment namely steel processing for the purpose of Accounting Standard 17 on segment reporting.

### Note 33 Related Party Disclosures

Related party disclosures as required by Accounting Standard - 18 "Related Party Disclosures" are given below.

#### (A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Intermediate Holding Company	Mahindra Vehicle Manufacturers Limited (MVML) w.e.f. 18 January, 2016
Holding Company	Mahindra Intertrade Limited (MIL)

Other parties with whom transactions have taken place during the year

- (i) Fellow Subsidiaries
  - Mahindra Logistics Limited (MLL)
  - Mahindra Integrated Business Solutions Private Limited (MIBS)
  - Mahindra Holidays & Resorts India Limited (MHRIL)
  - Mahindra Steel Service Centre Limited (MSSCL)
  - Mahindra First Choice Services Limited (MFCSL)
  - Mahindra Vehicle Manufacturers Limited (MVML) upto 17 January, 2016
- (ii) Companies having significant influence
  - CSGT International Corporation (CSGT)
  - Mitsui & Co. (Asis Pacific) Pte Ltd (Mitsui)
- (iii) Key Management Personnel (KMP)
  - Mr. Sanjay Somkumar, Manager w.e.f. 29 April, 2015

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## (B) Disclosure of transactions between the Company and related parties during the period ended 31 March, 2016:

	Ultimate Holding Company		Intermediate Holding Company		Holding Company		A Company having Significant influence		A Company having Significant influence	
	M&M		MVML		MIL		CSGT		Mitsui	
	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
Purchase of fixed assets	1,815,052	-	-	-	-	223,522,452	-	-	-	-
Purchase of raw materials	-	-	-	-	60,166,769	-	-	-	793,083	-
Sale of finished goods	6,627,149	-	111,374,726	-	1,455,229	-	-	-	-	-
Job work processing	-	-	-	-	1,065,931	-	-	-	-	-
Advance paid for purchase of fixed assets	-	663,641	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	349,250,000	-	167,825,000	-	167,825,000
Project management fees (capitalised)	-	-	-	-	21,400,000	25,000,000	-	-	-	-
Inter corporate deposits received	-	-	-	-	-	15,749,315	-	-	-	-
Inter corporate deposits paid	-	-	-	-	-	(15,749,315)	-	-	-	-
Finance costs	-	-	-	-	-	125,831	-	-	-	-
Payments made on behalf of the Company	-	-	-	-	-	998,359	-	-	-	-
Legal and professional	752,641	166,476	-	-	-	-	-	-	-	-
Management fees	-	-	-	-	2,486,112	-	-	-	-	-
Reimbursement of expenses by the Company	-	-	-	-	177,888	142,655	-	-	-	-
Reimbursement of expenses by related party	-	-	-	-	911,867	23,872	-	-	-	-

	Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Name of KMP*	
	MSSCL		MHRIL		MIBS		MLL		MFCSL		MVML		Mr. Sanjay Somkumar	
	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
Purchase of fixed assets	-	1,781	-	-	-	-	-	-	-	-	-	-	-	-
Sale of finished goods	-	-	-	-	-	-	-	-	-	-	135,888,706	-	-	-
Advance paid on account of port charges for import of machinery	-	-	-	-	-	-	-	1,794,210	-	-	-	-	-	-
Port charges for import of machinery (capitalised)	-	-	-	-	-	-	3,386,215	-	-	-	-	-	-	-
Travelling expenses	-	-	-	307,921	-	-	-	-	-	-	-	-	-	-
Legal and professional	-	-	-	-	108,000	36,100	-	-	-	-	-	-	-	-
Reimbursement of expenses by related party	-	304,447	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses by the Company	535,145	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing charges	35,944	-	-	-	-	-	-	-	-	-	-	-	-	-
Freight charges	-	-	-	-	-	-	923,035	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	11,809	-	-	-	-	-
Managerial Remuneration	-	-	-	-	-	-	-	-	-	-	-	-	2,240,561	-

\* excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>Outstanding receivable:</b>	<b>31 March, 2016</b>	<b>31 March, 2015</b>
From Ultimate Holding Company	–	663,641
From Intermediate Holding Company	8,131,329	–
From Holding Company	–	23,872
From Fellow Subsidiaries	–	2,098,657

<b>Outstanding payable:</b>	<b>31 March, 2016</b>	<b>31 March, 2015</b>
To Ultimate Holding Company (excludes equity share capital)	166,060	170,405
To Holding Company (excludes equity share capital)	569,696	25,281,000
To Fellow Subsidiaries	913,980	11,195

### Note 34 Earnings per share

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Profit after tax (Rs.) (A)	65,373,830	9,287,920
Weighted average number of shares (B)	68,500,000	42,317,835
Earnings per share [Basic/Diluted] (Rs.) (A/B)	0.95	0.22
Nominal value of equity share (Rs.)	10.00	10.00

### Note 35 Deferred tax assets/liabilities

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	Amount (Rs.)	Amount (Rs.)
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	56,265,473	–
	56,265,473	–
Tax effect of items constituting deferred tax assets		
On unabsorbed depreciation	60,717,870	–
On stock Appreciation Rights	190,382	–
On provision for employee benefits	766,079	–
	61,674,331	–
Deferred Tax Assets (net)	5,408,858	–

### Note 36 Excise duty

Excise duty disclosed under “Other Expenses” Note No. 24 represents excise duty on closing stock of finished goods.

### Note 37 Stock Appreciation Rights

The Company has granted Stock Appreciation Rights (“SARs”) to eligible employees in accordance with the Stock Appreciation Rights Scheme 2015 (SARS-2015) during the year ended 31<sup>st</sup> March, 2015 and 31<sup>st</sup> March, 2016 which are outstanding as on that date. Under the scheme, eligible employees are entitled to receive appreciation in value of equity shares over its face value on exercise of the SARs. The SARs may be exercised up to a period of three years from the date of vesting.

The related expenses for SARs amounting to Rs. 1,584,891 (2015: Rs. 104,035) have been recognised as employee cost in the Statement of Profit and Loss.

### Summary of SARs:

SARs outstanding on 1 <sup>st</sup> April, 2015	17,531
SARs granted during the year	7,037
SARs forfeited during the year	–
SARs exercised during the year	4,913
SARs outstanding on 31 <sup>st</sup> March, 2016	19,655

The fair value of SARs granted during the year is Rs. 84.70 per SAR.

Had the Company adopted fair value method as described in the Guidance note on Accounting for Employee Share – based Payments issued by the Institute of Chartered Accountants of India, the employee compensation cost would have been lower by Rs. 570,196, profit after tax higher by Rs. 453,939 and the earnings per share would have been higher by Rs. 0.01.

The fair value has been calculated using the Black Scholes Option Pricing Model and the significant assumptions made in this regard are as follows:

	Grant dated 26 <sup>th</sup> February, 2016	Grant dated 18 <sup>th</sup> February, 2015
Risk free interest rate	Zero coupon yield	Zero coupon yield
Expected volatility	16.68%	13.51%
Expected dividend yield	7.04%	6.68%

### Note 38 Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

**Percy Mahernosh**  
Chief Financial Officer

**Zhooben Bhiwandiwala**  
**Rajeev Dubey**  
**Sumit Issar**  
**P. R. Barpande**

Directors

**Uday M. Neogi**  
Partner

**Romali Malvankar**  
Company Secretary

Place: Mumbai  
Date: 27 April, 2016

Place: Mumbai  
Date: 27 April, 2016

## NOTES

A series of horizontal dotted lines for writing notes.

## NOTES

A series of horizontal dotted lines for writing notes.



**Mahindra**  
*Rise.*

Registered Office: Mahindra & Mahindra Limited  
Gateway Building, Apollo Bunder, Mumbai - 400 001.  
[www.mahindra.com](http://www.mahindra.com)